SENATE—*Friday, December 20, 1985*

(Legislative day of Monday, December 9, 1985)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Gracious God, our Holy Father, we should not be here today. But here we are! Some Senators went home last evening thinking voting was over and adjournment imminent. We need You, Lord—Your guidance—Your grace—Your wisdom. Help the Senators find a way which will prevent inordinate delays and frustrated purposes. Help the Senate to understand itself. It is almost as if it is victim of its own power—as though it uses its own power against itself. Here are 100 leaders, each trusted and sent by the people of his State—each, one among millions. It seems inconceivable, Lord, that a body with such resources cannot find a way to remedy a process with which all are dissatisfied. Great God, for whom nothing is impossible, work Your will in our midst. The Senators desperately need rest and change. They need their families and their families need them. Intervene, gracious Lord, transform this next week—this next month—into a bright, happy, beautiful time of renewal and restoration for Senators and their families. In the name of Him who promised rest unto our souls. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

THE BUDGET RECONCILIATION CONFERENCE REPORT

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each. We are down to one major item. That is, how we deal with the reconciliation conference report. The RECORD will reflect the House rejected the report on two occasions. We are now in the process of determining how many Senators are in the area. Surprisingly, there is a great number. Many spend Christimas here and then go home.

I can only tell my colleagues that we are meeting at this very moment discussing the present situation with the White House, OMB, and others concerning their objections to material that is now in the reconciliation conference report.

We would hope to dispose of the matter early, but I would not make any prediction. By early, I mean by 1 or 2 o'clock.

I would guess, based on conversations with the Republican leader in the House, Mr. MICHEL, and the Democratic leader of the House by telephone, that they might have difficulty in finding a quorum of House Members today. But, again, that is a matter that they will have to address if, in fact, the conference report is returned to the House with some amendment. We would appear to have a couple of options; one would be to table the Senate amendment and send it to the White House, and the other would be to insist on our amendments, as I understand. Another would be to amend it and send it back. There are probably several additional options of which I am not aware.

I can only tell my colleagues we appreciate their willingness to help resolve this matter. In my view, it is very important. It represents a year's work for many in this Chamber, particularly the Budget Committee; also, every other committee, committee chairman, and ranking member who have been working on Federal spending and the budget process since last January.

So it is not something about which we can say, "Well, we can just put it off. It does not make any difference." So far as I am concerned, there are real savings in this package.

There probably are a number of programs and other things tucked into the reconciliation that should not be there. But, overall, it does reflect and represent substantial savings. We hope we can resolve our differences so that we can leave here knowing we have made a contribution to reducing the deficit and reducing Federal spending.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The distinguished minority leader is recognized.

Mr. BYRD. Mr. President, I sympathize with the distinguished majority leader, certainly. I also sympathize with all the rest of us. Not only the majority has a responsibility to do whatever is doable, but the rest of us have some responsibilities also.

For the benefit of the majority leader, I think he should know that, on our side we could produce, in a half-hour or maybe an hour, 21 Senators. We might be able to raise that to 30 or 31, but I am beginning to doubt it. I told the press here this morning that I thought we could produce somewhere between 30 and 35 Democrats. But two Senators that we thought we might be able to count on, have since peeled off. So I do not think we can gamble too far or too long and hope to get a quorum. I would guess that within a couple of hours we will not only have reached our top strength on this side but we may, by then, be in danger of losing Senators.

Several Senators have stayed overnight but some of them will be leaving today and others will not be leaving today. If that information will help the distinguished majority leader, fine.

I personally think that while we may have a quorum—or we probably can get a quorum within a half-hour—I would think we ought not delay beyond that or there will not be a quorum.

We have sent this package to the House twice, and twice they have rejected it. I personally feel that to send it back again will be just love's labor lost. It will be an act in futility. In the meanwhile, we here will continue to lose bodies.

We can recede from the Senate's amendment or we can table the Senate's amendment, if we have the votes. If the distinguished majority leader would want to go either of those ways, that would be an action which, if it succeeded, would send the package straight down to the President for his consideration. It would save $79.5 billion, I am told.

The distinguished ranking Member, the Senator from Louisiana, [Mr. JOHNSTON] can go into the details far better than I can. He has been in the conference and I am not a conferee. But here is an opportunity to reduce the deficit by $79.5 billion over the next 3 years. It is the surest thing within our immediate reach that we can do to reduce the deficit. I am afraid that if we miss that chance and wait until we come back on January 21, Gramm-Rudman will be staring us right in the face and we will have lost our golden opportunity to reduce the deficit by a very sizable figure.

We have experienced similar problems at the end of a session with the House before. It is not anything new from that standpoint.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

While I favored the resolution as it went to the House, and I voted for it twice, I do not think there is anything to be gained by continuing to engage in what, up to now, have been very conscientious and sincere efforts but futile ones. I think the handwriting is pretty much on the wall. It seems to me we ought to grasp the opportunity, if we really want to reduce the deficit—and do it now—and send this bill down to the White House, either by receding from the Senate amendment or tabling the Senate amendment, and get out of here.

Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. The distinguished Democratic leader has 4 minutes.

Mr. BYRD. I thank the distinguished President pro tempore, the Chair.

I yield to the distinguished Senator from Louisiana [Mr. JOHNSTON], the ranking member of the Committee on Finance.

Mr. JOHNSTON. I thank my distinguished leader.

Mr. President, it is an interesting and peculiar phenomenon, the extent to which personal and physical limitations affect the course of this country—things like pride and anger and fatigue greatly affect the procedings, both here and in the other body. Late last night, as our pride was somewhat hurt in the Senate, feeling that the House had backed out on a deal, the anger at that having been done and the fatigue overlaying the whole thing made this whole exercise look almost fruitless and it was easy last night for some of us to say in the deeper reaches of our minds and beings, "To heck with it, let's say no, bury this piece of legislation, and go home and forget it, and blame them for it"—them being the House. And indeed, the House was pointing similar fingers at the Senate, talking about "We cannot let the other body do that to us."

It was really, frankly, Mr. President, somewhat of a sorry spectacle, when you consider the stakes that this Nation has in this piece of legislation.

We have here maybe not our last best chance to cut the budget, but certainly our first best chance to cut the budget since Gramm-Rudman: $83 billion in cuts over 3 years or, if you take out the so-called value-added tax, $79.5 billion in cuts in the budget. That represents a real and substantial opportunity to get that deficit down.

I think what we need to understand is that we are not going to have unlimited opportunities in terms of time to cut the deficit, to cut the budget. This is a capitalistic economy and every capitalistic economy ever known in the history of the world and that ever will exist in the history of the world has been a cyclical one with relative booms and relative busts. The average time of a recovery in this country, I am told, is some 44 months. There are others postwar that have stretched, if I recall correctly, for 8½ or 9 years. This recovery has already stretched for a much longer time than the average and we all hope it will last a lot longer. But the lesson of history is strong and it indicates that we do not have an unlimited time to cut this deficit because the only time you can cut the deficit is when you are in a recovery.

Once you get on the downswing, once you get in a recession and slow down, the advice from economists is unanimous: You can no longer raise taxes, you can no longer cut spending because to do so would sink you deeper and deeper into the morass of a recession. So here, in late December 1985, we have a chance to cut $79 billion to $83 billion depending on whether you include the VAT in a package that has been agreed to that has been carefully crafted, that has involved hundreds of hours of Senators' work and thousands of hours of staff work, and has been carefuly put together.

It is not perfect. It has some flaws, of course. No major piece of legislation in the history of this body has ever moved through here without flaws and imperfections. It is as close to a really good bill as we are capable, with our human frailties, of doing. Because of the lateness of the hour, because we are all wanting to get home for Christmas, because of our pride or because of our anger or because of a whole range of human emotions, I hope neither we nor the House will allow ourselves to miss the opportunity to cut $79.5 billion from this deficit.

When the history of 1985 is written, they will not talk about who was right or who was wrong and whether they live up to their deal between the Finance Committee and the Ways and Means Committee but they may write that this was the Congress that squandered its opportunities, that this was the administration that came in with a strong economy and a relatively small deficit and squandered it, spent money they did not have, lived on borrowed money, and with every opportunity that came along, they let politics interfere. That is what could be written on the history of 1985 and of this Congress.

I hope that will not be so. It needs not be so. There are ways to work this out. I am not exactly sure—I have my own views of how it can be done, how it should be done. But as far as I am concerned, Mr. President, there are a number of acceptable ways and I expect there are a number of acceptable ways in the House that they would accept.

The point is, Mr. President, we dare not lose this opportunity because if this reconciliation bill does down, we will have lost the opportunity for reconciliation. We will be coming back here on January 21 and we really will not get going, as Congresses never do get going, for at least a week. The first week we get going, on February 5, the President will drop his bomb. That is the first budget post-Gramm-Rudman, where you are going to see programs wiped out and where you are going to see, I believe, a degree of deep acrimony—at least, if not acrimony, then strong ideological confrontation between the White House and the Congress about spending priorities.

In the process of that, you will have lost the opportunity for reconciliation. No one who knows this process with whom I have talked thinks you can reconstruct reconciliation in January or February. You can have it in December. You can have it today, if we will. You cannot have it in January or February. All you can have in January or February is a deep ideological fight about Gramm-Rudman, and in the meantime for every day that you lose this opportunity you lose a $50 million cut in the deficit. I hope we will not lose that opportunity, Mr. President. I stand ready, as do colleagues on this side of the aisle, to support any reasonable action to get this bill. Time is awasting. I hope we will not lose our opportunity.

Mr. BENTSEN. Mr. President, I ask unanimous consent to proceed for an additional 5 minutes.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I share the concern of my friend from Louisiana concerning reconciliation. There is no question but what we have brought about some very major savings in the budget and closed the deficit substantially by what we have done. We are talking about a situation where if we do not pass a reconciliation bill, you are going to have a $52-million-a-day savings that will be lost until the time when we might reconvene and reconsider this bill. We have gone into some areas that are very contentious, changes on Medicare, on education, on black lung. The whole list of such things has been fought out in countless subconference meetings during the reconciliation process. At this point, reconciliation has worked, if we can wrap it up. The unfortunate part of it is that what you have seen happen on the House side is that they have stripped out Superfund and the means by which to pay for it. They have chosen to try to put that burden on a very limited number of industries and companies.

Actually, toxic waste happens to be a societal problem, and you have an incredible number of companies and industries which contribute to it. People say, "Well, let's put it on the oil indus-

try" or "Let's put it on the chemical industry." That is not where it stops.

Now, what you saw in the bill that was passed in the Senate and passed in the Finance Committee was one that kept a major part of the burden of paying for the cleaning up of toxic waste still on the chemical industry, but, then, it spread the rest of the burden across all manufacturing companies. What you saw come out of the conference is a bill that excluded companies that were manufacturing less than $10 million a year. We cut out the small manufacturers.

The excise tax is a very limited application and will have less than 30,000 companies affected by it. People will say it is a value-added tax. Well, if it is like a value-added tax, it is not like value-added taxes I have ever seen. I worked on this piece of legislation, as the principal sponsor in the Finance Committee. The model that I chose to start with is the Canadian manufacturers' excise tax, and that is what we worked on.

These toxic waste sites have to be cleaned up, and to see the House version of the Superfund come through with a good amount of it from general revenue is highly irresponsible. To talk about a situation where you have an enormous deficit like we have now and then raise the amount of money from $1.5 billion to $10 billion and say you are going to get a bunch of it from general revenue does not make sense to me.

I think we ought to clean up these toxic waste sites. We ought to address it promptly. We ought to move ahead on it. We ought to accelerate what the EPA has done in that regard but pay for it as we go, and that is what the Senate version did.

Unfortunately, you have the opposition of thousands and thousands of companies which were on the EPA list as contributors to toxic waste and said, "We do not want to pay for it." Take food companies like General Foods, like Beatrice, and you can see toxic wastes that are contributed. You can go to a so-called clean industry, high technology, like you see out in Silicon Valley, and you will find one of the worst toxic waste sites in the entire United States, the Stringfellow site. Much of the waste there was created by acid and solvents being used to make computer chips. I can give you example after example across this Nation.

So we said, "You ought to pay your share." And we talked about eight one-hundredths of 1 percent. That is not a heavy burden for any of these companies.

Then we did another thing. We said, "All right, if we are talking about cleaning up these sites and we are having our companies pay for it, then those companies that send in competing products to them ought to pay some of the burden also." So we said that the tax will go on those imports from other countries' manufactured products that would normally contribute to toxic waste in their manufacturing. And we said on those products that are manufactured by our companies which are shipped abroad, it would be taken off. When you see the kind of trade deficit we have in this country today, approaching $140 billion, $150 billion—$120 billion last year and $70 billion the year before that, you can see the trend line it is on. It is important that we do as we have been doing, adding additional environmental controls to try to see that we have clean air and clean water in this country. We do things that other countries are not doing in that regard. Then, we ought to try to even the playing field. This kind of an excise tax does just that.

Now, after we agree to the excise tax on this side and we agree to it in the conference, then the House digs in its heels and rejects it. I think that is unfortunate. I think they do a disservice when they take that point of view. So I feel very strongly that once you give in on a number of things, as we did as Senate conferees—some of us would want to move to a national standard on DRG's, on what is paid under Medicare and move as quickly as we can, but we slowed down on that to take care of the concerns of the House Members. That is just one measure of the concessions we made in arriving at a compromise to try to get something on which we could agree. In turn, they gave in to us in a good part of the Superfund. That was the trade. Now what they are saying in effect, when they say, "Let's take apart Superfund," they are saying, "Well, now, you gave us all those things. We want to keep those, but we want to refight the deal on Superfund."

We may end up having to do that at some point because we are losing Members on both sides, and the pressures are with them. The pressures are always with those who want to stall. That is what we are being subjected to. I have a serious question in my mind whether you still have a quorum on the House side. As this thing continues today, I am sure we will end up without a quorum in the Senate. So those kinds of pressures may force us to yield, and we may end up having to have an additional conference next year on Superfund and the means by which we raise the tax to pay it. But if we do that, we will certainly be keeping in mind what we did in this conference and the price we have had to pay to arrive at this result.

CLARIFICATION OF STATUS OF TEXTILE LEGISLATION

Mr. HOLLINGS. Mr. President, I rise momentarily, while the leadership is about to arrange the business for the day, to correct the record relative to an Associated Press story in the morning Washington Post, entitled "Telecommunications Bill Throttled in the Senate," whereby—and I quote—"HOLLINGS said his objection represented retaliation for DANFORTH's refusal to help him get the textile bill approved in the Missouri Senator's Trade Subcommittee."

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the Associated Press article to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit No. 1.)

Mr. HOLLINGS. Mr. President, that is the exact opposite. That is what Senator DANFORTH said. What I had tried to do in my interview with the author of that particular AP story, Mike Robinson, is relate to him exactly what has been occurring in trade and tell him my objection was not to calling the telecommunications bill. On the contrary, I encouraged its call because it was my opportunity, when the bill is called, to thereupon add the textile amendment and get a vote.

My intent and my purpose is one of serious intent and serious purpose.

After the veto of the textile bill by the President of the United States, a coalition of industry and labor—the business leadership and the labor leaders—have convened once again, with the hope of submitting a slightly changed bill which would enhance the support for the bill on the House side, in the hope of producing a bill that would be veto proof. This is a matter of ongoing negotiations and draftsmanship. It's currently underway. Pending the drafting of that particular bill, to be presented as early as we possibly can in January, it is the intent of this Senator to get the vehicle through this so-called filibuster on the Senate side. That vehicle will be our current textile bill.

We faced a filibuster from the word go, since we introduced this bill in March of this year. The article is correct, that the textile trade bill has been bottled up in the subcommittee of the Finance Committee chaired by the Senator from Missouri.

I relate back now to July, because what we are being accused of and is now called retaliation was not labeled so in July. What really occurred is that, back in July, the distinguished Senator from Missouri said: "Your textile bill will not see the light of day." The distinguished Senator from Missouri is exactly right. It has not seen the light of day, in the sense that it is still in his subcommittee.

I thereupon said: "Well, Senator, playing this game on top of the table, my only recourse is to put my textile

bill as an amendment to another bill. Under a constitutional provision, revenue measures originate in the House. Necessarily, we have to have a House-passed bill or a House title. So you have a trade bill, S. 1404. I put the amendment on the desk, to be printed, to S. 1404."

I put the amendment on the Micronesia bill. And I so informed the majority leader, Senator DOLE, so that he would be aware of it, that we would offer our textile bill when that particular measure was called. And I so notified the distinguished chairman of the Commerce Committee and the chairman of the Subcommittee on Trade, the Senator from Missouri [Mr. DANFORTH].

I also added this particular point, as I have just stated: He is my chairman in Commerce, and I am the ranking minority member, and we have had the best of working relationships. The truth is that he is very angry. I do not have any doubt that he says it is retaliation, because he told me that over the telephone.

I said: "Jack, you just don't understand that the fight has just begun. I told you at the time, we first discussed this, that we were going to continue to try."

I have been on this particular issue for some 30 years now, and the distinguished Presiding Officer, my senior colleague, Senator THURMOND, has been working on this particular problem for years.

When Senator DANFORTH said that the telecommunications industry has hit a crisis, I said, "Welcome to the club." We hit a crisis back in the 1950's, under the Eisenhower administration. But, be that as it may, I said, "Our only recourse is to get that kind of measure."

To substantiate the statement I made then to Senator DANFORTH, who was taking it personally as a matter of anger and retaliation, he had the distinguished Senator from Texas [Mr. BENTSEN], who is the ranking minority member on Finance, call me. Senator BENTSEN was on the floor earlier this morning.

I said: "LLOYD, I'm going to call the textile amendment on our Democratic trade bill." We had a Democratic caucus on a trade measure earlier in the year, under the leadership of the Senator from Texas. A good portion of the bill, I think a substantial part, is the trade council measure I've offered for some time now.

I said that on that particular bill, if we call it, I would want to call my textile amendment. I would call my textile amendment on S. 1404. I would call my textile amendment on any other trade measure, because what we need is one more vote to get it over to the other body.

The purpose is not to delay. The delay is not with the Senator from South Carolina who is now speaking. The delay is a filibuster on the other side of the aisle.

The request of this Senator is to bring up the telecommunications bill, not throttle it in the Senate. Any thing else is absolutely false. Bring it up, call it now, give me the opportunity, give me 5 minutes to a side, give me a voice vote. I am trying to get the telecommunications bill called up for consideration, not stop it. I am not trying to retaliate. That would be stupid, that would be foolish, that would hurt our textile cause, if, on one particular turn, in the course of legislation in Congress, we became spiteful and sat back and said, "If we can't pass ours, nobody is going to pass theirs." That's not my approach and I renounce it. If trade is to be discussed on the Senate floor, then I intend to call up my textile bill. The attitude is on this Senator's part, please call your trade bill, so that we will have an opportunity. Because I do not get that opportunity, as a member of the minority, because the majority is holding my bill up in the Finance Committee and have held it up all year long, and they informed me, "It will not see the light of day."

So we are not trying to be spiteful or to retaliate. On the contrary, I pursued this particular course in July. I went to the Senator from Missouri, notified him of my intention, and I then put my bill on his bill that was on the desk, S. 1404. No sooner had I left the Chamber, than the distinguished Senator from Missouri took the floor and asked unanimous consent that in the consideration of S. 1404, only amendments that pertain to Japan would be in order. It was he who made the unanimous-consent request at that particular time, in midsummer, that no other amendments would be in order. Since I had told him about my textile amendment, which would affect all the trading partners, some 34 countries, his request was, ipso facto, that the textile bill would be out of order. He was the one who made the unanimous-consent request at that particular time, and the leadership on the Democratic side objected for me thank goodness because I had left the floor and was walking back to my office.

So much for that. It was not retaliation then. It was a maneuver to try to bring to the floor for consideration a measure we have, of serious intent and purpose, to present one more time so that in the beginning of next year, we can ultimately pass a stronger bill, in the sense of it being veto proof and perhaps approved. And, on the other hand, we seek to continue the educational process in this body, in the other body, in the administration in the National Government if you will, Mr. President with respect to international trade.

There is a terrible misunderstanding. The whole idea of free trade is out of the whole cloth. It is not free; it is not fair. It is competitive trade—competition.

It was competitive trade under David Ricardo in 1817 when he was talking about the comparative advantage. He was talking about the comparative advantage with producing countries.

A century later, when talked about under Smoot-Hawley, it was the competitive advantage there, and our friend Cordell Hull picked up the call in reciprocity competition, reciprocal free trade.

The goal is always to free the atmosphere and free up the competition as much as possible.

I am for free trade. You are for free trade. Everybody is for free trade. How do you obtain it?

Since World War II, fat, rich, and happy United States of America thought the way to do it was set the example. That if we did not put up any kind of barriers, if we did not retaliate to the barriers placed against us, to the trade practices, to the governmental provisions, to the protectionisms of the trading partners, but if we sat back and said we are not going to retaliate, what we are going to do is set the example, maybe that would bring about free trade. It's been a failure, clear and simple. And it's become progressively worse. Witness the record high trade imbalance. We cannot let it get go much longer or it will doom us all.

It is almost like arms control. If we do not build any arms—like monkeys on the treadmill—the Soviets will not build any arms.

We know from bitter experience in arms control it was only when we voted the ABM that we obtained the ABM Treaty. It was only when we said that we are going to build up the SDI and continue with it that they came back to the peace table.

Now in a corresponding way, in international trade we have tried all the cajoling, persuading, imploring, and visits to Japan and the high-level meetings between the heads of state. It does not work. We are going down the tubes internationally in this particular competition. Clearly we need a different response.

So it has been my suggestion to emulate the example set by Franklin Delano Roosevelt in the days of the Depression when in order to keep the banks open he closed the doors, in order to save agriculture he plowed under the crops.

Herein, in order to remove a barrier, we are going to have to raise a barrier and then remove them both. We are going to have to get down on the playing field and compete through our Government. Competitive trade, not free trade, not fair trade. Let us talk

realistically. This is a very dynamic international competition in which we now persist. We must engage ourselves in it.

Our trouble is the United States is not down on the playing field at the behest of the multinationals. We are up in the grandstands, shouting free trade, free trade, protectionism, protectionism, and trade war, when the trade war down on the field is in the fourth quarter and we are about to lose it all. We must join the competition.

Why do the multinationals take their plants and jobs offshore? Because it is to their economic benefit. They are not only producing economically without the requirement of a standard of living over in their offshore facilities. They receive protection from Taiwan, where they produce. Protection where they have joined up in coproduction with the Japanese. Protection in Singapore. Protection in Hong Kong. And, instead of retaliation on their part what we find, for example, looking at what happens is that the Japanese, for example, taking Japanese textiles as an example, is that the Japanese sell $1.5 billion in textiles to Hong Kong. But, they import zero dollars in texiles from Hong Kong. Where's the reciprocity in that arrangement? What's fare about that trade?

The United States of America imports 1.05 billion square yards of textile products from Hong Kong, and we export nearly zero to the "free trade country," said the Senator from Missouri, "of Hong Kong." Hong Kong is a trading dock out there. That is not a country. It is a shipment point, it is a warehouse and a dock and a boat facility to off load the production of the People's Republic of China. And we import millions of square yards from the PRC in addition to the billion plus from Hong Kong.

To talk spuriously about free competition and let the market forces operate, do not forget the governmental and the political requirements in the cost of production.

Speaking to those requirements, let's use the example before us. We are debating today about toxic waste on the reconciliation bill. I think now it is approximately $7½ billion, or whatever it is, that we are going to put on American industry. As we put the $7½ billion, it is an additional cost of production that will go on the American textile manufacturer, and any other manufacturer in the Nation. Republicans and Democrats all agree we should clean up the toxic waste. Just as we all agree that there should be a minimum wage. We should all agree to social security. We should all agree to unemploment compensation, to a safe place to work, safe machinery, clean air, clean water. This is the American standard of living. We're proud of it. Our people enjoy tremendous benefits because of it. Our Nation is widely respected because of it. I don't want to see our standard of living diminished.

Incidentally, we had no standard of living in 1930 under Smoot-Hawley. You cannot give a historical sense to our colleagues in Congress when they jump up and down and say we are going back to Smoot-Hawley if you pass my textile bill. We did not have clean air, clean water, minimum wage, Social Security. None. We did not mandate a standard of living in 1930 as we do today.

But over the 50-year period, beginning with Social Security in 1935, we have enunciated over those 50 years an American standard of living.

Under this American standard, that we all believe in so strongly, in the world of international competition, we must give protection to it. There must be a substantial base so there will not be any dumping, so we will not have any selling at less than cost, or pretatory pricing, or other "sharp practices," in governmental trade barriers to us. Otherwise we just continue to force America's industry to go overseas.

Mr. President, we take that particular standard of living and we talk about protection. That is the fundamental of government here. We have Social Security to protect us from the ravages of old age. We have unemployment compensation to protect us from the loss of a job. We have safe machinery and other laws to protect the worker in the workplace. We have clean air, clean water, to protect the air we breathe, the water we drink; the Army to protect us from without; the FBI to protect us from enemies from within.

The fundamental of government is to protect, with the oath of the Senator and the President as he took in the rotunda earlier this year down the hall in the Capitol, "I hereby pledge to preserve and protect and defend." He takes that solemn oath, we understand, in the rotunda but we walk 100 yards down the hall to the Senate Chamber and if you mention the word "protect," a bunch of Senators just go into a stitch, "Oh, heavens no, we cannot have protectionism, protectionism," because the multinationals through the editorialists have sold that shibboleth. No such thing as free trade exists. It is competitive trade. But as long as they can continue to persuade the uneducated that it is just a simple thing and all we need to do is set the example we will continue to slide—that all we need to do is to put in a bill like this telecommunications bill which says, "Go to Japan, just to Japan, and in 18 months if Japan does not do something about this, then we are going to start enforcing our laws." That says to the Japanese competitor, and I do not blame Japan, "I have 18 more months to continue to violate, to continue to protect, to continue to give advantage, to continue to extinguish American markets that have been established over this 30-year period." It's a green light to continue.

So that is the wrong message to send to MITI, the Ministry of International Trade and Industry in Japan. They know how to translate all of these so-called high-level meetings and implorations and so-called threats. They just take it out of the whole cloth and they watch the legislation, and as long as the Japanese lawyers can get into the White House, as reported in the press on last Saturday morning less than a week ago, and change around the decision of the Secretary of Commerce; as long as they continue to run through the halls of Congress and into the various hearing rooms, and protect Japanese production and do it so successfully, the Japanese will continue to prevail, take over the international market, destroy the American standard of living and our capacity as a world power. That's the threat we face.

We are not a third world country. On the contrary, Mr. President, we are a world power and there are certain capacities that we must maintain if we are going to continue as a world power. We must have the capacity to produce steel, glass, rubber, and textiles. Under the Kennedy administration we had a series of hearings at the Cabinet level, and the executive finding was that next to steel, textiles was the most important to our national security. We could not send the American soldier to war in a Japanese uniform.

So it is, that we have to maintain this production capacity and not go the way of England as the Ivy League economists tell us. That we should look forward to a service economy and quit producing wealth but handle it and be a big financial center for the rest of the world.

We are losing out, not in textiles alone. It is telecommunications, it is leather, it is steel, shoes, rubber, sporting goods, hand tools, machine tools, semiconductors.

It is the productive capacity of America and Americans out there, and I have traveled the 50 States, see it, understand it, appreciate it, and they are totally frustrated and nonplussed by the actions here of their Washington Government.

They could not understand how we, a competitive group, and the only way you get into this Senate and Congress and into the Presidency is that you are a competitor. You fundamentally start the day either tempting fate too much or his dessert is small who fails to put it to the test and win or lose it all. That is the creed of competition here. That is what made America great and

continues to hold it strong. Competitive free enterprise.

But, we have the wrong leadership on this particular score. They think it is a momentary political thing, perhaps, against the President. They think it is a momentary Democratic issue for the 1986 or 1988 campaigns. They think it is a little, old, small industry bill that comes from a Southern State.

We had the distinguished Senator from the State of Washington, stand up and say we are pitting the East against the West, starting a civil war. That is a total misunderstanding.

This is a national industry of labor and management, of East and West, North and South, and that is why it has overcome all of these particular parliamentary obstacles and obstacle courses they have put in our way—these procedural hurdles. That is why we have succeeded thus far.

So, Mr. President, in correcting this particular record, as the AP writer writes, in his story, he says, "But bickering in the aftermath"—this is not the aftermath, this is the "foremath." This is the beginning, not the aftermath. This is the beginning of the textile debate. It continues on. We are just starting the fight.

The article stated that Senator DANFORTH said that he would "be curious to know whether or not the administration asked the Senator to take this position."

The administration has asked this Senator to take his position outside of the U.S. Senate. The President of the United States has been on the telephone trying to get an opponent to replace this Senator from South Carolina. So that is the position that the White House has asked this Senator to take—not any position whatever on trade and competition and textiles and jobs. I have never conferred with them. I am not granted that opportunity with respect to these important matters.

"Hollings said his objection represented retaliation for Danforth's refusal to help him get the textile bill approved," says the article. The truth is that is what the Senator from Missouri said. He feels like it is personal and it is retaliation. I can assure him it is not. Call up a Democrat trade bill, call up S. 1404, call up the bipartisan bill. I put everybody on notice. This is the only recourse, when you are a Member of the minority, to take every opportunity to get a vote. When the U.S. Senate discusses trade then this Senator will being up textiles. It's too important and integral to trade not too.

It is not to hold up the bill of the Senator from Missouri. He is holding up his own bill. All he has to do is agree I get a vote. He can call up telecommunications. It is not my filibuster. It is not a filibuster on this side of the aisle. I am not holding it in his subcommittee. I am not holding it in the Finance Committee. My request is reasonable. Give me a vote. No time, just vote on both sides; take a voice vote. You can pass the telecommunications bill and I would welcome it. I am not throttling it. I would welcome the telecommunications bill to be called up, then it would afford an opportunity just to get me a vote on what has been voted upon already five times, up or down, after long debate in this U.S. Senate.

So my request is not to throttle or to retaliate, but to go along and help some trade bill get to the floor. It is the Senator from Missouri that is throttling his own measure by throttling me in that particular subcommittee. We have overwhelming support for my bill and we cannot even get it reported out.

Mr. President, I thank the distinguished Presiding Officer any my colleagues in the Senate on the floor this morning.

THE RECONCILIATION BILL

I commend the Senator from Louisiana on another point in his handling of our reconciliation bill. This is a serious matter that fits right into our Gramm-Rudman-Hollings initiative. If we are going to start—and that was the decision made by both bodies and the President of the United States, that we are going to return the fiscal affairs of this Government to the black—here we have, some say $66 billion, others say $79 billion, but there is no doubt that there are many billions of dollars to be saved in this reconciliation bill. And we should press forward with this bill and get those critical budget savings, and not bog it down to a peripheral matter with respect to a highly contested, highly inflammatory issue like toxic waste.

We should keep our eye on the target. And the target is to follow through and keep the word, say what we mean and mean what we say. The U.S. House of Representatives and the U.S. Senate both said we should save these moneys. So 98 percent of reconciliation really is ready to be agreed upon. This particular body has voted overwhelmingly, with only two dissenting votes.

So I appreciate the Senator from Louisiana the Senator from Texas, and those handling the reconciliation bill for sticking to their guns and seeing if we cannot compromise in the context of at least rescuing these savings. If not, dreadful and really traumatic action will be required at the very, very beginning here of 1986, in January and in February—draconian is the word they use in Washington—of cuts that have to be made and that sets us off on almost, again, another impossible political task.

We want to see Gramm-Rudman-Hollings work. We want to see the discipline get set. Let us not upset this possibility for success here at the last minute with respect to throwing over a $66 billion savings in reconciliation that both bodies have agreed upon. Let us try our dead level best to get together here, if nothing else but under the Christmas spirit.

I noticed in the news reports where some prisoners escaped from the prison yard on yesterday afternoon or yesterday morning in Greenville, SC, with the use of a helicopter. Maybe my wife can hijack a helicopter and get me out of this "prison" and get me home for Christmas. I do not know how you get out of this place. I am going to stick with you, I say to the Senator from Louisiana, but I do not know how long. This body does believe in Christmas, does it not?

I have a note from the distinguished Presiding Officer, and I ask unanimous consent that the various amendments that I have placed on the desk to these bills with my particular name also include my senior Senator's name, the Senator from South Carolina, and our President pro tempore, the present Presiding Officer.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(EXHIBIT No. 1)

[From the Washington Post, Dec. 20, 1985]

TELECOMMUNICATIONS BILL THROTTLED IN SENATE

(By Mike Robinson)

Last-minute efforts to bring up legislation to aid the telecommunications industry were swiftly throttled in the Senate yesterday in the aftermath of a fight over textile imports.

The move followed a call Wednesday by Majority Leader Robert J. Dole (R.-Kan.) for quick action on the telecommuncations bill because "the trade imbalance with Japan has been escalating at an alarming rate" and that nation's import barriers "remain in place."

But bickering in the aftermath of the textile debate defeated efforts by Sen. John Danforth (R.-Mo.), chairman of the Senate Finance Committee's international trade panel, to bring up the telecommunications bill for a vote.

Under Senate rules, action on the bill, sponsored by Danforth and Sen. Lloyd Bentsen (D-Tex.), was impossible without unanimous consent. Sen. Ernest Hollings (D-S.C.), who was a chief sponsor of the vetoed textile bill, objected to consideration of the measure, in effect killing chances of any further major trade action before the Senate's recess.

"Some of the senator's positions will be greeted with delight by the Japanese," said Danforth, who is planning to visit Japan. He said he would "be curious to know whether or not the administration asked the senator to take this position."

Hollings said he agreed that telecommunications equipment exporters need help from Congress in penetrating the Japanese market. "I'm a cosponsor of this bill," Hollings said. But he added that the telecommunications industry was one of many, including textile and apparel makers, that deserve trade relief.

Hollings said his objection represented retaliation for Danforth's refusal to help him get the textile bill approved in the Missouri senator's trade subcommittee.

President Reagan vetoed the textile bill Tuesday after the Senate bypassed Danforth's subcommittee and passed the measure.

The telecommunications bill, opposed by the White House, would require the administration to open talks aimed at breaking down alleged Japanese barriers to U.S. equipment imports and retaliate unless they produced results.

THE BUDGET RECONCILIATION CONFERENCE REPORT

Mr. JOHNSTON. Mr. President, if I may answer my distinguished colleague, first of all I would like to thank him for his generous remarks, which I am sure were activated by the spirit of the Christmas season. I do appreciate that generosity.

Yes, we do believe in Christmas. But there is a grinch around here somewhere that is trying to steal the spirit of Christmas and kill this reconciliation bill. I hope, instead, that we can bury Mr. Grinch, in the spirit of not only the holiday season but in the spirit of trying to help this country out, which needs a nice present in the form of a cut in its gargantuan-sized deficit. The best Christmas present we could give this country, its economy and its people, is to pass the instant legislation.

Mr. President, I might say that there are a number of motions that can be made at this time, the first of which, of course, would be to move to the conference report, which is highly privileged and nondebatable. There is also a motion that can be made to table the Senate amendment, which also would be nondebatable. And through two quick slices we could be at the question at hand. I would like to say we are not doing that, and we are not doing that because there is a bipartisan effort to try to find a way to pass this bill.

So I want simply to remark to my colleagues who are listening on the squawk boxes that we are trying every way possible to find a way to pass reconciliation that will be both agreeable to the House, that will preserve the great savings—some $79 billion altogether, if you take out the value-added tax, or $83 billion if you leave it in—to keep those savings and to allow us to pass the legislation.

And I simply want to underline the fact that it is bipartisan, that it is an effort where on this side of the aisle we are not trying to use any legislative tricks, and certainly not even the arsenal of weapons that are available, and legitimate. And, indeed, our friends on the other side of the aisle, I think, are totally confident that we will not, which is the reason they have left the floor to go off to negotiate, and leave us to our own devices.

But I simply mention that because we want to find a way to make this bill become law, and to do it I hope before we lose too many more of our colleagues to the holiday travel schedules.

Mr. President, I see the distinguished Senator from Nebraska.

I yield the floor.

Mr. EXON. Mr. President, I think we are all too much short-tempered today, due to the fact that we have been working very long and very hard to come to some kind of an agreement, to still handle a series of measures. This Senator, as the Senate knows very well, was most unhappy, and not pleased with the farm bill that was passed. There was some consideration given at that time whether or not to have extended debate on the farm bill.

It seemed to me while that might have attracted some headlines around the country and it may have been good for publicity back home, it was not the rational, reasonable thing to do because at one time or another after we exhaust all the parliamentary procedures of the U.S. Senate and all of the parliamentary procedures of the House of Representatives in that regard, when the two parliamentary procedures of the two Houses get into the middle of a fray, we have the debacle that we have right now.

I think this whole procedure is very unfair. It is very unfair to the principals. It is very unfair, I think, to those of use who have stayed here while, according to some of the remarks on the floor this morning, maybe we would have difficulty in even getting a quorum in the U.S. Senate.

Last night the parade of our colleagues in the House of Representatives who were over here tuning in on what we were doing, and justifiably so because they were concerned, told me that after the gavel fell last night, even though the House of Representatives has not adjourned sine die, there is no way that they could get a quorum in that body. It seems to me this is, indeed, telltale lesson in how not to legislate.

It seems to me the suggestion that was made earlier this morning on the floor of the U.S. Senate by the minority leader, the distinguished Senator from West Virginia, is the only way out of the morass that we are in at the present time. I simply do not understand—and I would like to ask the question of the Senate and the Senate leadership. Why are we not taking the reasonable way out of this difficult situation as outlined by the minority leader this morning?

I simply say the same suggestion was made last evening, but we could not do that because of some strongly held views and some strongly held wills relating back, of course, primarily to some disagreement with regard to what the conference committee did or did not do, and who was in good faith and who was in bad faith with regard to agreements that were supposedly tentatively worked out in the conference between the House and the Senate.

There are an awful lot of personalities involved in this, Mr. President, I am not sure that personalities should be that strongly involved when we are taking meaningful legislation of this type.

During the debacle and countering debacles last night, this Senator had the first chance ever to watch the debate in the House of Representatives on television. While this Senator has generally been a supporter of television in the U.S. Senate, after watching the so-called debate in the House of Representatives last night where there were cheers, there were hisses, there were boos, and there was handclapping, I do not know about television in the U.S. Senate. If it is as bad as that, then I am very fearful there may be some youngsters around the United States that stayed up late enough last night to see that program. If they did, it probably had more of an ill-effect on them as far as representative government is concerned than if they stayed up late watching X-rated movies. [Laughter.]

It just seems to me, Mr. President, very seriously that the system here, checks and balances, if we will, between the House and the Senate have deteriorated primarily as a result of the clash of strong personalities, and that we are almost threatening to break down the system.

I wonder what the Founding Fathers would have thought of a system today where we may or may not have a quorum in the U.S. Senate, and we probably do not have a quorum in the House of Representatives if we were considering passage and how to get around the passage of a fundamental piece of legislation.

This piece of legislation would make, I guess, the largest cuts in Government, and we are all concerned about reducing the deficit and getting on with the business of attacking reduction in the national debt, but it seems to me that the founders would have been shocked. They would have been surprised. They would have been dismayed. They probably would have taken time out even if the Christmas Day was upon them to make corrections to stop the kind of nonsense that seems to be going on here between the supposedly most deliberative body in the world, the U.S. Senate, and our colleagues across the way.

Another thing strikes my mind in that regard. Basically, it has been my feeling that fundraising measures should basically originate in the House of Representatives. Here we are in the U.S. Senate tied up today on whether

or not we are going to have a value-added tax for the first time in our history as a part of our fundraising mechanism.

I have not made any final determination as to whether I am for or against a value-added tax per se. But I remind all that it is a significant step across a significant line that we have never done before. Here we are still moving to see if we cannot by hook or crook or parliamentary procedures, or one chicken being stronger than the other chicken in our game of chicken not before Easter, but before Christmas, try to do things that we should not be doing.

It seems to me whether you are for or against a value-added tax, that pales by comparison with the situation that confronts us. The reconciliation package that has been generally agreed on—and while it is not perfect, I support it, and I think Members in both bodies support reconciliation—has in it other important legislation.

I wonder how it looks to the people of America today when by failure to act by midnight last night we have in effect repealed the 8-cent tax on tobacco products now at a time when we need more revenue in this Government. Are we wise in not acting to preserve at least a tax on tobacco products as a means of legitimate revenue? That is not new revenue. That is revenue that we have had for a long, long time. But by our fumbling, by our bungling, and by our failure to at some time recognize the Congress has to work its will, we fumbled that away.

I do not know what all of the controversies are with regard to this legislation. But I would just say that there seems to be quite a test of wills. It is not of any interest to this Senator whether Mr. PACKWOOD or Mr. ROSTENKOWSKI becomes the next Speaker of the House of Representatives. I do not believe that should be a legitimate part of a discussion, if it is, as to whether or not we continue to pitter and patter, and mumbling and bumbling through here now.

It seems to me, with a questionable lack of a quorum in the U.S. Senate, that we could simply suggest that we could probably dispense of this whole matter in a hurry if someone insisted on seeing whether or not we have a quorum present.

Likewise, such action could be taken in the House of Representatives.

So before someone comes up with that particularly wise move that might be necessary, I would think it would be in the interest of all parties to move as expeditiously as possible on the suggestion made by the majority leader.

The suggestion made by the majority leader would only allow us to pass reconciliation as generally agreed to by both bodies. The only thing it would eliminate would be the value-added tax.

Once again, I think that is a tax that deserves a lot of consideration, a lot of committee action, first in the House of Representatives and then over here in the Senate.

It seems to me that we would best follow the dictates of the procedures and best follow the dictates of wisdom if we would take action quickly on the suggestion made by the majority leader and then move about our business, which is sine die adjournment.

Having said that, like all of my colleagues I would very much like to go home to Nebraska where all of the family will be gathered this evening, except the father and the grandfather. That is important.

But more important, Mr. President, is the obligation that we assumed when we took our oath of office to move ahead with the business of the Senate. It seems to me that until we move on the suggestion made by the minority leader, which is the only way out of the morass that we are presently in as far as is known at this moment, until maybe something else is hatched in the closed-door sessions going on right now, we are going to continue to be looked upon as a body that seems never to know where it is going and when it gets to a place where it thinks it is does not know what to do.

Mr. President, although some of the remarks I have made this morning are in jest, it does seem to me that we ought to try and destroy, if we possibly can, the videotape recordings of the House of Representatives last night. I think we should, as best we can, assure that the people would not see things of that nature. I believe the people of the United States, while in polls they do not seem to hold the Members of Congress in particularly high esteem, expect us, by and large, in retrospect, to do a more manageable job of passing laws than they saw last night in the House of Representatives and which they will be hearing about through actions or no actions today on the floor of the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. DOLE. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to, and at 12:59 p.m., the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 3:52 p.m., when called to order by the Presiding Officer [Mr. GORTON].

OMNIBUS BUDGET RECONCILIATION ACT

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 3128.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House disagree to the amendment of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 3128) entitled "An Act to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process.".

Mr. DOLE. Mr. President, first, let me apologize to my colleagues for this Friday afternoon session. I hope we can dispose of the remaining business in a fairly brief time because I know the weather is not good and I know many Members have to change their plans. This is, I think, a most important issue, one that I understand we shall have some debate on. We shall have the experts on both sides who have been the real principals in this effort over the past 11 months speak to some of these specific issues.

We have had a series of meeting today, and a series of conversations with White House officials and, OMB officials. I have just spoken with Don Regan, the President's Chief of Staff, in an effort to determine what the President's attitude might be toward this bill in its present form.

The President is presently on his way by car to Camp David because of weather. Shortly before he left the White House, less than 30 or 40 minutes ago, there was a staff discussion with the President about the reconciliation conference report. I am at liberty to indicate that the President advised the staff, in particular the Chief of Staff, Don Regan, that if, as he said before, certain objectionable provisions are removed from the conference report, he would accept it, with one caveat. Apparently, there are a number of little new entitlement programs buried in the conference report and they may not have all been discovered—a new vision care program, other Medicaid Programs for unwed parents, and perhaps a number of programs that they are not quite certain of. But basically, these are the same programs that the President has called to our attention a number of times: The trade adjustment tariff, the OCS Lands Act, section 8(g), AFDC, Medicaid and food stamp quality control revisions, elimi-

nation of Medicare cost-saving regulations, the value-added tax on Superfund, Medicaid Program expansion which will increase State and Federal costs; and, as I said, the ones that we cannot quite identify completely are the various expansions of Medicare and Medicaid that may have been added by Representative WAXMAN in the conference.

Mr. President, this has been a bipartisan effort and I hope it continues to be a bipartisan effort—most of us in the Senate have struggled with this process all year long. Too long—I think most of us would agree, particularly the distinguished chairman of the Budget Committee and the distinguished Senator from Florida [Mr. CHILES], who is necessarily absent, and also Senator JOHNSTON, who has been substituting for Senator CHILES since his illness.

We have three or four options. Probably none of them are very good. I assume the easiest one, which would get us out of here the quickest, would be simply either to recede to the House or to strike the Senate amendment and send it to the President. But, based on information that I have, that would probably mean a Presidential veto. It would mean that our efforts and the efforts of all the others on the House side, Democrats and Republicans, would have been for naught.

There may be other options. One would be to have unanimous consent, which I shall propose in a few moments, that the Senate recede from its amendments and concur in the House amendment with a further amendment consisting of the conference report on H.R. 3128 with the following sections stricken—then I shall repeat those later.

That would take unanimous consent and I am advised that we not obtain such consent. I believe the option that we should pursue, then, because I still hope we can achieve some savings, the third option. That would be to insist on the amendment—and request a conference with the House.

That is not for the purpose of going back and trying to sustain our position or the Senate position on financing the Superfund. As the distinguished Senator from Oregon, the Chairman of the Finance Committee (Mr. PACKWOOD) will explain, that issue has been decided. He is willing to give that up. But it is an effort to go back to conference with Members of the House to try to resolve these five issues—five out of hundreds—that will permit the President to sign this bill and permit us to achieve some savings.

To be very realistic, there is a rather broad difference between OMB figures and our figures on the savings in the reconciliation conference report. We are advised that OMB has advised the President that the total savings over a 3-year period is around $8 billion, and maybe another $8 billion in revenues.

Well, we have been advised by the CBO and the Budget Committee that the savings amount to about $55 billion now based upon the fact that the farm bill is passed and there are $7 billion savings in the farm bill that can no longer be credited here. There are a couple of other similar instances, as the budget chairman will discuss later. So our range goes from $55 billion to as high as $82 billion. But we have to keep in mind that some of those have already been achieved in other legislation, so they have to be subtracted.

We happen to believe that we may be more accurate than OMB, but they are the ones who advise the President. So the President is faced with the decision on whether or not to sign a bill which saves only $8 billion over 3 years and has about the same amount of increased revenues—whether he should sign that bill if it includes a lot of new programs and goes back and undoes a lot of the reforms we made in 1981.

He does not believe that is very good policy. There has been a black lung provision added that not only raises taxes but provides forgiveness that costs about $2 billion this was never passed by the Senate. It was part of the agreement the distinguished chairman of the Senate Finance Committee made in the conference, and those who made the agreement in effect undercut the agreement on the House floor last evening. But in an effort to resolve it, that is the process, the procedure that we will attempt to follow.

Now, I know that other things can be done, maybe others have other plans. I know the motion to table the Senate amendment has priority and that may be made.

At the present time, I would ask unanimous consent that the Senate recede from its amendment and concur in the House amendment with a further amendment consisting of the conference report on H.R. 3128, with the following sections stricken: First, section 12301 relating to AFDC and medicaid quality control studies and penalty moratorium; second, sections 13001 through 13011 relating to trade adjustment assistance; third, section 13203(b) relating to a 5-year moratorium on interest accruals with respect to the indebtedness of the black lung disability trust fund; fourth, subtitle B of title XIII relating to Superfund and its revenue sources; and fifth, sections 8001 through 8101 relating to Outer Continental Shelf Lands Act.

The PRESIDING OFFICER (Mr. GORTON). Is there objection?

Mr. JOHNSTON. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Senator from Louisiana reserves the right to object.

Mr. JOHNSTON. For the last almost 24 hours, we have been engaged in this negotiation about how we were going to get this deficit down. On this side of the aisle, I do not think there is anyone who can say we have not been cooperative. We have not been particularly brought into the process, I must say, but to the extent we have, we have offered the hand of cooperation, repeating that over and over again privately, here on the floor, and in the majority leader's office, when permitted to come at our request—at every instance of the time offering the hand of cooperation. It was not Senators on this side of the aisle who made the decision as to the strategy last night in sending back to the House the bill with the same amendment which they had turned down previously. This strategy was available to us last night when we could still amend. Rather than using that strategy of amending and putting these amendments back on the bill and sending it back to the House, we used up on motion of the majority leader and the chairman of the Senate Finance Committee our chance to amend by insisting again upon the same amendment.

Full cooperation, we tried that. It did not work. It lost by an even larger margin.

Now, this morning, we came in again offering full cooperation, saying, "We need a bill; the American people need a bill. We will do what we can to get it."

This strategy was suggested to us earlier. I personally said, "I will do what I can to help get it"—not because I like these amendments. Indeed, it was a different package when previously discussed. This is the first time I have even heard about all the elements of this package.

That is the kind of bipartisanship you get. You get something sprung at you out on the floor of the Senate without even discussing it with you. Nevertheless, as the package last existed, we were asked, "Will you try to sell it?" I said, "I will do the best I can." The leader, BOB BYRD, said he would do the best he could, and indeed we convened a caucus for that purpose. In the meantime, we called the leadership of the House and they say they have lost a quorum, it takes unanimous consent, and a number have already announced publicly and others privately. Congressman FRENZEL has already made a speech saying he would object to any change.

So, Mr. President, make no mistake about it, this strategy, however good it might have been at any one time, is no strategy now. It does not get you a bill. It is some kind of tactic, and I do not know what the tactic is or what its purpose is other than to elicit an objection from us, which will soon be coming because we are not going to be

a party to bearing this bill, not after all the time and effort we have put in on this side of the aisle, not to mention the gargantuan efforts that Senator DOMENICI and others have put in in fashioning what is not a perfect bill but it is a good bill.

It is $79 billion worth of savings without the so-called Superfund tax. And if all it is $8 billion, I want to tell you we better shut down the CBO, do away with that agency of Government because it is not worth what we are paying them if they are that far off.

In any event, Mr. President, with that reservation and for those reasons, I object.

The PRESIDING OFFICER. Objection is heard. The majority leader.

Mr. DOLE. Mr. President, I regret that there is objection. I must say it was no surprise. We have had some prior discussion of this matter. We met in the minority leader's office, so there has been bipartisan discussion. My own view is that we are going to be gone for 30 days. It is not our problem if the House may not have a quorum. We have a quorum. We have about 40 of our Members here and I think there are 30-some Democrats here, so that is not our problem. We are here prepared to go to conference this afternoon on five very minor issues that can be resolved in 30 minutes. Now, if the House is gone, they say, "Oh, we can't do it, we left town," I do not believe that is our problem. We have enough problems of our own, but that is not one of them.

Do we want a bill? I hope so. I think so, because there has been a strong bipartisan effort following the May 10 vote, which was 50 to 49, with only one member of the other party voting for real deficit reduction. We can argue that at a later time. But it seems to me that now we need to try to complete the process, keep it alive, see if we can salvage something, if not today, when we come back or maybe even prior to that time the conferees could meet and see if they could resolve it.

I assume the conferees could meet informally while the rest of us are working at other places in January.

But in any event, I move that we insist on the Senate amendment.

Mr. JOHNSTON. Mr. President, point of order. Is that a 1-hour time agreement?

The PRESIDING OFFICER. It is a 30-minute motion equally divided.

Mr. JOHNSTON. That is to insist on the Senate amendment and return it to conference?

Mr. DOLE. It is the first part. Then I would request the conference, appointment of conferees following this.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD addressed the Chair.

Mr. DOLE. Mr. President, let me yield such time as he may consume to the Senator.

First, let me designate the distinguished Senator from New Mexico to allocate the time.

Mr. DOMENICI. How much time does the Senator desire? Fifteen minutes?

Mr. PACKWOOD. Five or 6 minutes.

Mr. DOMENICI. I yield 5 or 6 minutes.

Mr. PACKWOOD. Mr. President, let me explain partially the situation we find ourselves in today and why we got here and why the Senate feels a bit unfairly treated.

I feel very bad that we are going to give up not only just the Superfund funding, we are giving up on the Superfund Program. It is out, gone. It is going to be funded. It is not going to be funded under the tax that expired for the last 5 years. It is not going to be funded under the taxes for the next 5 years until it is resolved. That the funding of Superfund is now out, the Senate is not going to insist on its position on this issue when we go back to conference.

But as we were bargaining in conference with the House, as in all conferences, there is a give and take.

The House had very close votes in committee and on the floor on its method of funding the Superfund. In committee, the chairman of the Ways and Means Committee lost the vote as to the way he wanted to fund Superfund. On the floor of the House, as I recall, by only a 14-vote margin, he won it.

There was a slight anomaly, I thought, in the entire reconciliation process when there was no Superfund provision at all in the House bill, but under the rules, the Ways and Means Committee was credited with the revenues toward meeting their total. No bill, no revenues, a credit toward meeting their total.

So, if anyone wonders how you can come up from $3 to $13 billion, understand how funny money moves very easily in this body.

We went into negotiations and had the Superfund provision in our reconciliation bill.

In what I would imagine to have been a very dicey situation among the House conferees on Superfund, by a 9-to-4 vote, the House conferees offered to the Senate in essence what had been very close to the Ways and Means Committee position, absent only the fact that there was no funding out of general funds and no waste end tax.

The House said, "We will go along with the Senate," and the Senate really was going along with the House Ways and Means Committee position.

Involved in all these situations were the issues of black lung; Medicaid; AFDC; poor persons in families with unemployed parents and whether they were going to be eligible for welfare; whether or not State and local employees were going to be covered under Medicare; and trade.

There were other issues which the President does not like, such as intercontinental shelf, but I had nothing to do with that.

There was give and take, and the Senate gave on positions it would not otherwise have given on, such as black lung, State and local government coverage under Medicare, in which the Senate position raised $4.7 billion and the House provision $500 million. But in the give and take, we gave. We concluded the conference.

As with all conferences, you win some and you lose some. We came back to the Senate and we acted on the conference report, 78 to 1.

The House then went back and, in an irritation and fit of pique because they were mad, having lost their Superfund tax method among their own conferees, the majority asked for a rule in the House to strip out the method of Superfund financing that had been agreed to in the conference—stripping only that out—sending to the Senate a bill that now had things in it that the Senate would not have agreed to had the bargain of the conferees not been broken.

We gave up things to get things; and the House said, "No, we're going to throw out the things we gave up because we didn't like it anyway, and you can take it or leave it, with all the provisions you never would have given."

It is going to make it difficult for the Finance Committee and the Ways and Means Committee and other committees to reach honorable conclusions if, at the end, one can say, "We are not going to honor the contract.

So I am prepared to give up on the Superfund. That is for another day. We will fight that another day. But we need to go back to conference now basically on spending issues that were added in the conference, which would not have been added but for the Superfund financing agreement, and see if we can undo those so that the bill is acceptable to the President. I hope we can. I hope the conference concludes an agreement and that the agreement will be honorably kept by both sides.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. I yield myself 7 minutes.

Mr. President, in recent days and weeks, we have had a lot of conversation in this body about the quality of life, about the deterioration in the Senate and its customs and its great traditions. We all feel, in a very real sense, that that which has made this the greatest deliberative body in the world has somehow been lost or de-

graded or destroyed or that, in the process of modern times somehow we are losing it.

I can tell you that last night, as I watched the House of Representatives, I was not proud of that institution. All the pettiness of politics, it seems to me rose to the surface last night in the House of Representatives—personal interest, deep partisanship, a challenge to the Senate, like the comment over and over again, "We are not going to let them do that to us," and that kind of thing.

The national interest, it seems, got lost last night in the House of Representatives—somehow buried in what seemed to be a political contest or personal contest, will against will, political future against political future. The tiredness of the moment or the emotion of the moment seemed to have gotten lost last night, and we all know what happened in the votes.

It seems, Mr. President, that, in a little more dignified way, we may be ready to do that and again demonstrate that in the U.S. Senate today. I hope not. My words today would go to appeal to the national interest, to appeal to Senators on the basis of not whether it is good for the President or whether it is good for this party or that, but whether it is good for the country.

In my judgment, the motion that the majority leader has made would kill this bill. Make no mistake about it. You can argue that. You might sell it to such part of the American people as reads newspapers. Maybe it would not be interpreted like that. But we know that is so.

Why is that so? Because it comes back in February or late January or early February, and then what happens? February 5, the President's budget comes up. Prior to that time there will be all kinds of leaks about all these programs that will have to be eliminated or decimated because of the requirements of Gramm-Rudman. We all know that. We know the acrimonious atmosphere, the deep ideological differences.

We are going to be at a watershed, a crossroad, when we come back in January or February, and we are going to decide, for the first time, whether all this rhetoric about cutting budgets is real, whether people can really measure up to that. It is not going to be easy.

All these easy things we have done in these past few years, like cutting taxes, raising defense, spreading the goody bag out for everyone and not really cutting anything, all that is in the past. Now it is going to be tough, and it is in that kind of atmosphere that this conference committee would have to deal.

What is the House going to do? The House would be asked in that conference to cut further, to do away with such goodies, if that is the word, that are contained in this bill in order that you can have a lower starting point for Gramm-Rudman. Are they going to want to do that? The House thinks that domestic programs have been cut too much already. And so what happens if they turn this conference down? You move it from about 95 to 1, domestic over defense cuts, to 50-50 domestic-defense so you can move a lot of these uncomfortable cuts over to defense just by defeating this conference report.

In the atmosphere of January and February, do you not think that is going to be done? Do you not think someone along the way is going to figure this out? Of course, they are.

We are going to be well into the budget process by January and February, and it is going to be impossible to cut this thing.

If your real motive is to save the President embarrassment of having to veto, go along with it. It is a nice cute way. I mean, it is a nice neat sort of way. Say let us go back and cut some more and go to conference.

But we know that is not so. We know it is going to kill the bill if we do that.

We are going to have a chance when this debate is over in one fell swoop to send this bill to the President. By moving to table, and we will at the end of this debate, you can, without going to the House; it will go straight to the President. You would pass any other intervening action. And that bill would save $79.5 billion, according to CBO, and it would not contain the Superfund tax which is the President's No. 1 objecton. It may not be his whole objection. But it is his No. 1 objection.

Many of us have talked privately and publicly to the effect that the President would not dare veto this bill, not $79½ billion right on the eve of the inauguration of Gramm-Rudman. I do not believe he would unless he gets very bad advice.

Mr. President, we are going to have a chance to do that, $79½ billion. Oh, you can call it $8 billion. If you call it only $8 billion, do you realize what that says about the reputation of CBO? Has CBO been denigrated in their reputations around this place?

The PRESIDING OFFICER. The Senator is recognized for 3 additional minutes.

Mr. JOHNSTON. So far we say their $79 billion in savings are only $8 billion. I mean, do we really believe that? Of course we do not.

We have been acting on the recommendations of CBO bipartisan and with a solid track record around here the whole while. They say $79½ billion. It is $50 million a day savings. For every day we wait, just since last night we lose $50 million. In another 30 days we will have lost $1½ billion.

You say that is not much. Well, it is a lot more than we have saved lately.

Mr. President, we have a chance to have some real savings, not phony savings, real savings, savings now, not savings off somewhere in the future. That has been our problem around here. It is always talk savings now but not save now, not cut now. This is a cut now today, December 20. We can cut today. Or at least we can give the President the chance to sign these cuts.

If we miss the opportunity, Mr. President, we have hurt this country, in my judgment.

You may be able to escape the political blame for it by saying "I didn't mean to kill this bill, I only wanted to make a better bill. I wanted to make it a better bill, send it back to conference." Inside the beltway, at least inside this body, we know that means kill the bill.

Mr. President, I hope we will not do that. It is not a perfect bill. There never was a complicated perfect bill that I know anything about that has passed this body.

If you want to wait for a perfect bill, you will not get it between now and next Christmas. They do not come like that. They are political compromises. But this one meets the targets. It has been a great bipartisan product.

The distinguished Senator from New Mexico has led us well on this matter. I hope we will not let it go down the drain here on the eve of Christmas.

I reserve the remainder of my time.

Mr. DOMENICI. Mr. President, let me make a couple of points. First of all, the distinguished Senator from Louisiana makes one point that I think we ought to all agree on. It is in the national interest that a substantial portion of this bill become law.

I am convinced. I was beginning to wonder about it 10 or 12 days ago, but I am convinced totally today that unless we do what the distinguished majority leader recommends here, the national interest will not be served because I am convinced we will not get a bill. We must send this bill to conference, even if that conference may not begin until late January or early February.

I am now absolutely convinced that regardless of what we say and regardless of what we contend, the President will veto this bill if we adopt the amendment, if we follow the path he suggests, and that is when the motion to table is made, if we vote for it, we are all finished. I am convinced we well may have no bill.

I am not one who shies away from a legitimate confrontation with the President. But I do not think we gain an awful lot by running around for 3 or 4 months and say he should not have vetoed it.

Let me tell you, ladies and gentlemen of the Senate, we are somewhat to blame for the position we are in.

Do you remember late in the debate when the distinguished minority leader raised the concern about extraneous material? He was concerned that he said we ought to amend the Budget Act because, as a matter of fact, the reconciliation bill has no limits as to what people can do with it in their respective committees so long as they add some and subtract some and perform the accounting and estimating pursuant to the CBO baseline rules.

And we and the House, aside from the problem that the distinguished chairman of the Finance Committee raises that we have $4 billion in program add-ons as a compromise for the now removed Superfund program, but with the spending increases still in the bill, aside from that, there are literally scores of programs that do not belong in this bill.

As I say, some will say, "Well, where have you been?" Let me tell you the way the rules are there is nothing we could do about it.

The distinguished chairman of the Budget Committee and his entire entourage of Members turned this bill over to the committees and they worked their will. I might say, considering the nature of the problem, there is an awful lot of good reform in this bill that is going to go down the drain if we do not send it back to conference and at least let them try to salvage a substantial portion in January.

There is reform in the veterans' program that is totally acceptable to the House that will never be done in an election year. There is reform that was done by the Government Operation Committee with reference to the Federal employees that will never occur, and I could go through a list of 15 or 20 like that that are gone. As a matter of fact, let me talk a moment about the argument about how much do you save. Frankly, the $8 billion that the OMB director is talking about in savings and $8 billion in taxes for a total of $16 billion in reduction are patently absurd, but they do make a point, that since we have now passed three or four other bills that take credit for portions of these savings and change the law, it is probably somewhere between $50 billion and $60 billion, including the taxes, that we will save if we pass this bill.

But I am convinced that when we added scores of new programs, in particular those that the distinguished majority leader suggests we take out of this bill by unanimous consent, which was objected to, we put this in the position where the President not only will veto it but I think he will have at least an equal opportunity and perhaps more convincing the American people that we should not have put all those things in this bill and that to some extent by doing it the way we have, and the House is guilty also—I am not saying just the Senate—that we have made somewhat of a mockery out of a process that is supposed to be saving money and curtailing programs of this Government.

If I were not convinced of that, I would be here arguing the other way.

I ask unanimous consent to have printed in the RECORD for anyone who is interested a list of the disputes as to how much we are actually saving and how much they contend in the White House through OMB that we are saving, and I will repeat that I think the savings is about $50 billion over the next 3 years giving credit to some things that have already passed in appropriations or in the farm bill that should have been in this when we started this process.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Possible disputes on scoring resolved

Savings (gross)	$83.038
Offsets and minor registration already passed	−9.016
Subtotal	74.022
Agricultural credit (in farm bill)	−6.8
Subtotal	67.2
OCS (8g): (not a policy change)	−1.4
Subtotal	65.8
Highways (in app. bill)	−2.5
Subtotal	63.3
Medicare hospital reimbursement (can be done by regulation)	−4.0
Subtotal	59.3
IRS and Customs collections (dispute on scoring)	−3.3
Subtotal	56.0
Out-year civilian pay (can be done later, in theory)	−5.0
Total savings (if all allowances made for scorekeeping)	51.0
Net revenues	10.2

Mr. DOMENICI. Having said that, I do not want to mislead anyone. It will be very difficult in January and February to get this job done. We will be engulfed in a new budget. Gramm-Rudman will be staring us in the face in terms of a $144 billion deficit target for fiscal year 1987. The President will have already sent us a budget, but I am convinced that even if there is a slight chance we should do it, we should. Because I do not think there is any chance that we will get it by passing this bill as it now stands.

So I believe that, while there are many good reforms in it, we clearly should not have passed trade adjustment in confrontation with a 6-week-old letter of the President saying, "Do not put it in." I do not think we should have passed the 5-year moratorium on interest and accruals on the black lung indebtedness that will cost $2 billion. I do not think we should have changed the quality control under Medicaid and AFDC. Those were savings. We changed them.

I do not think we should have put the Superfund, as we planned to do it in this bill, in the manner that it originally came to us. But we did not take the President very seriously until about now. I think that is kind of too bad. I think we have to do what the majority leader suggested and give it at least a chance to survive.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. DOMENICI. I reserve the remainder of my time.

Mr. JOHNSTON. Mr. President, I yield 1 minute to the distinguished Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I think the chairman of the Finance Committee got a raw deal, but that is not the issue. I think there is a lot of junk in this bill and I pointed that out last night just before we all voted on it, and that is not the issue, because we knew there were a lot of things in there that were not so good.

There are two issues. One is that by sending this back to a conference committee, do we avoid a Presidential veto? And the answer to that is, no. If we send it to the conference, the bill is going to be dead. It is a new form of Presidential veto. It is a veto without sending a bill to the White House. Some of the President's people come up and say, "Look, we are going to veto this," so we shunt it off to conference.

The real issue, as far as I am concerned, and the reason I am going to vote for the motion to be propounded by the Senator from Louisiana, is very simple. This is the same bill we voted for last night 78 to 1, except for one thing. We are taking out a tax provision. It is, in every other respect, the same bill we voted for last night.

So the only reason to vote against it is that we are that much in love with the tax provision, and I am not. So I am going to support the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I yield 1 minute to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, obviously we are so restricted on time that we cannot debate this. I cannot begin to say what I wanted to say in 1 minute, but then that will make everyone happy.

I associate myself with the remarks of my distinguishd colleague and member of the Budget Committee, the Senator from Colorado. If you vote the way the leadership has asked you to vote, you kill the bill. I cannot understand how the same people that recommended that we vote for this 78 to 1, the same people who asked us to

send this back over there twice—and I was here both times and agreed to send it back by voice vote, although I had some serious concerns about the value-added tax—the same people now are telling us this would be a disaster unless we make three or four changes that the President of the United States has to have before he signs the bill. It is all nonsence. Let us not go along with the majority leader.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. STEVENS. Will the Senator from Louisiana yield to me for a question to him?

Mr. JOHNSTON. Yes, I yield.

Mr. STEVENS. Mr. President, the Senator from Louisiana has worked long and hard to solve some of the problems for the States that have substantial oil and gas production. But I would ask him this question: If we do not find a way to get this bill down to the President, it is my understanding that, when he submits his budget in January, all of the savings that would come by virtue of the entitlement changes that are in this bill must go into his budget, because he is compelled to spend that money. When he does that, he has to make corresponding changes to the budget in order to comply with the target of Gramm-Rudman-Hollings, as I understand it. That means that the Coast Guard is going to lose money, all of the parks in the Bureau of Land Management, all of the civilian agencies that the Senator from Louisiana and I have worked very hard on, and the Department of Defense, also, that he and I worked very hard on, are going to be cut, cut down because of the real savings in this bill.

Now, is there not some way that we can find a way to get together here before we vote on the majority leader's motion and find some way to see if we can get this bill in a fashion that we can agree on in a bipartisan way to accomplish the objective the minority leader wanted to accomplish weeks ago and take advantage of the reduction in that budget that is going to come in January? Has the Senator really thought about the impact on the programs we have worked so hard on if this bill is not signed?

The President says he is not going to sign it. The Senator from Louisiana says, "Send it down to him so he will veto it." I happen to believe that man at 1600 Pennsylvania Avenue. He never told me he was going to do something and then did not do it. I tell you, I think he will veto it. I think the Senator from Louisiana would like to see a solution and I would like to see a solution. Is there not some way we can work out that solution tonight?

Mr. JOHNSTON. Mr. President, I believe the answer to that question is by voting for the motion to table the Senate amendment and sending this bill down to the President, I believe that cooler heads and he will sign the bill.

Mr. President, I yield the remainder of my time to the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. BYRD. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 2 minutes.

Mr. BYRD. Mr. President, in 2 minutes, let me just say that twice we on this side have supported the effort to send the Senate amendment to the House of Representatives for conference action. Twice the House has rejected the Senate amendment, and the House is going to reject it if we send it back again. It is a way to kill this bill. It is a way to let Mr. Reagan avoid having to face up to the question as to whether he will sign a bill making budget deficit reduction now.

A motion now to table the Senate amendment will send this measure to the White House immediately. We are fast losing a quorum. We may still have a quorum here now. But this is the 20th day of December. Does anyone around here really believe that there will be more Senators here tomorrow; that there will be more Senators here on Monday; that there will be more Senators on Tuesday? Does anyone here really believe the House of Representatives will take this up again? They have twice spoken. They have twice rejected this amendment. Does anyone really believe the House will establish a quorum and take this amendment up again? No.

If we send this back to conference, that is the end of this measure, because the House is not going to accept this Senate amendment. In the meantime, we will have lost a quorum.

I say, let the President veto this measure if he wishes to do so. He has that power under the Constitution. But we have a responsibility, too. This is our chance to pass a budget deficit reduction that will amount to $79 billion, according to the CBO; there is some question, but what baselines are the OMB using? That is what I would like to know. They can come up with different positions and different figures anytime it suits their convenience.

But I say the responsibility is on this Senate now to act and to act decisively. I hope the distinguished Senator from Louisiana will move, when the time has expired on both sides, to table the Senate amendment. We have tried it. We have stood by it. We do not want to see this bill killed.

The question is: Do we want deficit reduction, and do we want it now? This is our chance.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired. The Senator from New Mexico has 1 minute remaining.

Mr. DOMENICI. Mr. President, I am going to use my 1 minute and tell the Senate I do not think anybody around here has worked harder to make this process work than the Senator from New Mexico. I did not put all these provisions in this bill, and everybody knows that. Our procedure is that the committees do their work. If there is any blame, it is that we, 3 or 4 weeks ago, on this side and on that side, decided we could use this reconciliation to do anything we wanted. We decided we would add new programs so long as the addition of programs did not eat up the savings that we found somewhere. Maybe we have learned a lesson; maybe we have not.

Frankly, the issue is no longer the Superfund tax. It is the five or six or seven programs that we probably either should not have put in or went a little bit overboard on. But, at least, I believe the President will veto it and we will not get a chance to realize any of those.

I want to say to the Senator from Louisiana that I appreciate his work. He did a masterful job all the way through. I wish we could be here today getting it finished. I think we might in January and February.

So I hope the Senator's motion does not prevail.

The PRESIDING OFFICER. All time on the motion has expired.

Mr. JOHNSTON. Mr. President, I move to table the Senate amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the Chair secure order, maintain order, and that the clerk announce the vote of each Senator as it is called.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendment of the Senate to the reconciliation bill. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maine [Mr. COHEN], the Senator from Alabama [Mr. DENTON], the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Washington [Mr. EVANS], the Senator from Utah [Mr. GARN], the Senator from Iowa [Mr. GRASSLEY], the Senator from Oregon [Mr. HATFIELD], the Senator from Florida [Mrs. HAWKINS], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Idaho [Mr. MCCLURE], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Virginia [Mr. TRIBLE], and the Senator from Connecticut [Mr. NICKLES] are necessarily absent.

I also announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

I further announce that, if present and voting, the Senator from Florida [Mrs. HAWKINS] would vote "nay."

Mr. BYRD. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Oklahoma [Mr. BOREN], the Senator from North Dakota [Mr. BURDICK], the Senator from California [Mr. CRANSTON], the Senator from Illinois [Mr. DIXON], the Senator from Connecticut [Mr. DODD], the Senator from Missouri [Mr. EAGLETON], the Senator from Colorado [Mr. HART], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Montana [Mr. MELCHER], the Senator from Ohio [Mr. METZENBAUM], the Senator from New York [Mr. MOYNIHAN], the Senator from Georgia [Mr. NUNN], the Senator from Rhode Island [Mr. PELL], the Senator from Arkansas [Mr. PRYOR], the Senator from Michigan [Mr. RIEGLE], the Senator from Maryland [Mr. SARBANES], the Senator from Illinois [Mr. SIMON], and the Senator from Nebraska [Mr. ZORINSKY] are necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island [Mr. PELL] and the Senator from North Dakota [Mr. BURDICK] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 29, nays 35, as follows:

[Rollcall Vote No. 380 Leg.]

YEAS—29

Armstrong	Glenn	Long
Baucus	Gore	Matsunaga
Bentsen	Harkin	McConnell
Bingaman	Heflin	Mitchell
Bradley	Hollings	Nickles
Bumpers	Inouye	Proxmire
Byrd	Johnston	Rockefeller
DeConcini	Kerry	Sasser
Exon	Leahy	Stennis
Ford	Levin	

NAYS—35

Abdnor	Hatch	Roth
Andrews	Hecht	Rudman
Boschwitz	Heinz	Simpson
Chafee	Helms	Specter
Cochran	Kassebaum	Stafford
D'Amato	Kasten	Stevens
Danforth	Laxalt	Symms
Dole	Lugar	Thurmond
Domenici	Mattingly	Wallop
Goldwater	Packwood	Warner
Gorton	Pressler	Wilson
Gramm	Quayle	

NOT VOTING—36

Biden	Evans	Metzenbaum
Boren	Garn	Moynihan
Burdick	Grassley	Murkowski
Chiles	Hart	Nunn
Cohen	Hatfield	Pell
Cranston	Hawkins	Pryor
Denton	Humphrey	Riegle
Dixon	Kennedy	Sarbanes
Dodd	Lautenberg	Simon
Durenberger	Mathias	Trible
Eagleton	McClure	Weicker
East	Melcher	Zorinsky

So the motion to lay on the table was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the motion to insist.

Mr. BYRD. Mr. President, how much time remains on the vote?

The PRESIDING OFFICER. All time has expired on the vote.

The question is on agreeing to the motion.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. the Senate will be in order.

The question is on agreeing to the motion to insist.

Mr. JOHNSTON. Mr. President, I move to recede from the Senate amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I ask that there be a time agreement of 10 minutes, 5 minutes on a side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, what this motion would do would be to have the Senate concur in the action of the House of Representatives, which is to say we would adopt the action the Senate approved here by 79 to 1, with one exception, and that is to excise or take from our bill the so-called Supefund tax, the excise tax that was objectionable in the House of Representatives. That is all this motion would do. If passed, this motion would send to the President a bill directly so that he by his signature could save $79½ billion. Every day delayed is $50 million in the meantime.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, we are going to check to see if the distinguished chairman of the Finance Committee desires some time but let me just say to the Senate, if I understand this correctly, this is just another way of voting on the same issue we disposed of on the motion to table. If the motion of the distinguished Senator from Louisiana prevails, and if the House approves it, this bill goes to the President just as it would have gone to the President had the motion to table prevailed. I think we made the arguments that that would be an act of futility and in the national interest we ought to salvage whatever opportunity we have to get a major reconciliation bill and that it is far better served if we send this bill back to conference.

They will have time in January and February to decide whether we can get a conference report that would salvage substantial portions of the amount of money saved and taxes imposed in this measure.

I reserve the remainder of my time.

Mr. JOHNSTON. Mr. President, I yield 1 minute to the distinguished Senator from Texas.

Mr. BENTSEN. Mr. President, what we are talking about is that if we do not do it this way and we come back and try to change this reconciliation measure in any way, we are told that there is no quorum in the House of Representatives. They are operating under unanimous consent. So what we have done in this situation, I think, is a rather cynical move to get it over there and let it die. When you do that, you give up 74 billion dollars' worth of savings. It is the same vote we had the other day by 78-to-1, and we are sending it there to die, supposedly, to put the responsibility on the House of Representatives.

Frankly, that is what brought about Gramm-Rudman. I saw a lot of people who voted for it and said they were against it but had to vote for it to exercise discipline. This shows that we are not exercising our responsibility in the U.S. Senate, and it brings discredit to this institution.

I can tell you what the press is going to write: "Once again, the Congress of the United States ended up quarreling with itself and would not face up to

making the cuts that have to be made in a responsible way to save money for the taxpayers of this country."

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. LONG. If this motion carries, we will be receding on the amendment of the Senate. That is the Superfund tax.

Mr. BENTSEN. That is right. I say to my friend that I do not think anyone worked harder than I did on the Superfund. I feel very strongly about it. But I feel that we will fight that one another day. I think that with all the work we have done in the subcommittees, and arriving finally at a compromise and an agreement, we should carry it out.

Mr. LONG. I supported the Senator in that matter every step of the way, as did most of us on this side of the aisle, but it is obvious to me that we cannot preavail on that. There is no way on Earth we can prevail on that matter. The House voted on it twice and defeated it by a larger vote the second time. Apparently, the House is not going to have a quorum, anyway. That means it is the end of it.

Mr. BENTSEN. We should understand that, as we cast this vote, we are sending it over there to die, because they do not have a quorum.

Mr. EXON. Mr. President, the inconsistency of the Senate Republican leadership on this issue is amazing.

Last night, the Republican leadership in the House successfully led the effort to knock out the VAT, thus making it possible for the President to consider signing the bill to cut up to $80 billion.

Now, today, the confused Republican Senate leadership lead the Senate fight to scuttle the Republican leadership in the House. These are the same people who claim they want budget reductions and balanced budgets. They invented and gave birth to the Gramm-Rudman fraud.

The Republican Senate leadership, when it came to put their votes where their rhetoric was, ignored these budget cuts and put it all off again.

Budget reduction leadership is not talk and posturing. It can only be accomplished by the courage to do and not delay.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, let us not be mistaken about this being sent to die. It is being sent to conference, and there are four or five issues. This is not something that is going to take weeks and weeks, and it is not going to take the legion-sized number of conferees we had to do it. Will the House recede on AFDC, quality control? Will they recede on unemployed parents? Will they recede on some of the new spending programs that were added? I do not know. But this is not being sent back to die, so far as this conferee is concerned. I hope it is going back to strike an honest bargain.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield the remainder of our time to the majority leader.

Mr. DOLE. Mr. President, I want to indicate that I hope we will all vote "no" on this and see what we can salvage in another conference.

I think the President made it rather clear that he would like to accommodate us if we would knock out some of these spending programs.

I think that those talking about Gramm-Rudman should be looking at spending programs, the additional money for black lung. It was a House provision. A lot of new programs were added on the House side in reconciliation.

So I hope the motion will not prevail.

I want to determine whether or not we can assume that this will be the last rollcall vote. Members on both sides have been asking me, and I do not know. We are prepared to suggest that we can do all the rest by voice vote. I am not certain.

Mr. JOHNSTON. Mr. President, we are prepared to state that on this side.

Mr. DOLE. If we prevail on this vote, I will request a conference and the appointment of conferees, and I do not think we need rollcall votes on that. I do not want anybody to leave and wonder why they were not properly advised.

Mr. FORD. Does this mean we will voice vote the black lung provision that you want to take out of the House bill?

Mr. DOLE. No, we are going to conference.

Mr. FORD. We are going to conference on that. We do not vote on black lung.

Mr. DOLE. We are not going to vote on the cigarette tax extension, either.

Mr. FORD. I understand that, but it comes next, I hope.

Mr. DOLE. Maybe.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute.

Mr. JOHNSTON. Mr. President, I yield to the distinguished minority leader.

Mr. BYRD. Mr. President, let there be no doubt about it: If this loses, we will go to the motion to insist, and that will send the reconciliation package back over there, and that will be the cemetery. That is where reconciliation will die.

The distinguished majority leader said it is "not our problem" as to whether the House has a quorum. It is a problem for those of us who want to see budget deficit reduction now.

Some Senators say the President will veto this bill if it goes to him. We can say that is "not our problem"; let the President make the decision. Is that what we are trying to avoid?

If we want budget reduction now, this is the easiest and quickest way of getting it. If we vote it down, remember, Gramm-Rudman will be here, and it will be all the tougher because we did not take the right action to send this bill immediately to the President of the United States.

I will not press for rollcall vote, but I will have the record show that I voted against the motion to insist.

Mr. DOLE. That would be true on the request for a conference and the appointment of conferees.

Mr. BYRD. On the motion to insist. I will vote "no" on the motion to insist.

Mr. DOLE. I assure my colleagues that following that, I will request a conference.

Mr. BYRD. I will support the motion to name conferees. The die will have been cast. The Senate will have to reappoint them.

Mr. DOLE. After this vote, there will be a voice vote on a motion to insist, and a voice on requesting a conference, and a voice vote on appointing conferees.

Mr. BUMPERS. Mr. President, I do not presume to take over the job of the majority leader, but would he entertain the suggestion to have unanimous consent, so that some of us can leave, so that we will know that this is the last rollcall vote?

Mr. DOLE. Yes. I make that unanimous consent request, that following the disposition of—well, I do not know whether we can do that. I do not know who is going to prevail.

Mr. BYRD. That is a constitutional matter. I do not think we can enter into any consent agreement that the vote must be by voice. I will not insist on rollcall votes. I want the record to show that I will vote against the motion to insist on the Senate amendment and go back to conference.

Mr. DOLE. Let us all keep our hands down, and nobody will get the yeas and nays.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. I will support the idea of a voice vote, but can we have it understood that we will simply have the same conferees we had before? That way, there will be no need for a vote.

Mr. DOLE. There is a slight difference, because I think Senator CHILES, at the request of that side, has been substituted. He will be here in January. That is the only change.

Mr. LONG. That is fine.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the motion of the Senator from Louisiana.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Maine [Mr. COHEN], the Senator from Alabama [Mr. DENTON], the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Washington [Mr. EVANS], the Senator from Utah [Mr. GARN], the Senator from Iowa [Mr. GRASSLEY], the Senator from Oregon [Mr. HATFIELD], the Senator from Florida [Mrs. HAWKINS], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Idaho [Mr. MCCLURE], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Virginia [Mr. TRIBLE], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

I also announce that the Senator from Maryland [Mr. MATHIAS] is absent on official business.

Mr. BYRD. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Oklahoma [Mr. BOREN], the Senator from North Dakota [Mr. BURDICK], the Senator from California [Mr. CRANSTON], the Senator from Illinois [Mr. DIXON], the Senator from Connecticut [Mr. DODD], the Senator from Missouri [Mr. EAGLETON], the Senator from Colorado [Mr. HART], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Montana [Mr. MELCHER], the Senator from Ohio [Mr. METZENBAUM], the Senator from New York [Mr. MOYNIHAN], the Senator from Georgia [Mr. NUNN], the Senator from Rhode Island [Mr. PELL], the Senator from Arkansas [Mr. PRYOR], the Senator from Michigan [Mr. RIEGLE], the Senator from Illinois [Mr. SIMON], and the Senator from Nebraska [Mr. ZORINSKY] are necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK] and the Senator from Rhode Island [Mr. PELL] would each vote "yea."

The PRESIDING OFFICER (Mr. WALLOP). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 30, nays 35, as follows:

[Rollcall Vote No. 381 Leg.]

YEAS—30

Armstrong	Bumpers	Glenn
Baucus	Byrd	Gore
Bentsen	DeConcini	Harkin
Bingaman	Exon	Heflin
Bradley	Ford	Hollings
Inouye	Long	Proxmire
Johnston	Matsunaga	Rockefeller
Kerry	McConnell	Sarbanes
Leahy	Mitchell	Sasser
Levin	Nickles	Stennis

NAYS—35

Abdnor	Hatch	Roth
Andrews	Hecht	Rudman
Boschwitz	Heinz	Simpson
Chafee	Helms	Specter
Cochran	Kassebaum	Stafford
D'Amato	Kasten	Stevens
Danforth	Laxalt	Symms
Dole	Lugar	Thurmond
Domenici	Mattingly	Wallop
Goldwater	Packwood	Warner
Gorton	Pressler	Wilson
Gramm	Quayle	

NOT VOTING—35

Biden	Evans	Metzenbaum
Boren	Garn	Moynihan
Burdick	Grassley	Murkowski
Chiles	Hart	Nunn
Cohen	Hatfield	Pell
Cranston	Hawkins	Pryor
Denton	Humphrey	Riegle
Dixon	Kennedy	Simon
Dodd	Lautenberg	Trible
Durenberger	Mathias	Weicker
Eagleton	McClure	Zorinsky
East	Melcher	

So the motion was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. BOSCHWITZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The quesion now is on the motion to insist.

Mr. BYRD. Mr. President, we have a general understanding that no one who was present at the time will make a request for the yeas and nays.

I ask that the RECORD show that I will vote no on the motion to insist and there are other Senators who want that same privilege. I ask unanimous consent that they may show that in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The following Senators asked that they be recorded as voting "No" on the motion to insist: Senators ROCKEFELLER, EXON, JOHNSTON, and DECONCINI.

The PRESIDING OFFICER. The question is on agreeing to the motion to insist.

The motion was agreed to.

Mr. DOLE. Mr. President, I request a conference with the House and that the Chair be instructed to appoint conferees.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Clerk will state the names of the conferees.

Mr. DOLE. Mr. President, are the conferees the same as has previously been appointed, with one exception?

The PRESIDING OFFICER. With one exception, they are——

Mr. DOLE. I ask that they be approved without further reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. WALLOP) appointed:

From the Committee on the Budget—General conferees: Messrs. Domenici, Armstrong, Mrs. Kassebaum, Messrs. Boschwitz, Symms, Chiles, Hollings, Johnston, and Sasser.

From the Committee on Agriculture, Nutrition and Forestry: Messrs. Helms, Dole, Lugar, Cochran, Zorinsky, Leahy, and Melcher.

From the Committee on Armed Services: Messrs. Goldwater and Nunn.

From the Committee on Banking, Housing and Urban Affairs: Messrs. Garn, Heinz, Proxmire, and Riegle.

From the Committee on Commerce, Science and Transportation: Messrs. Danforth, Packwood, Goldwater, Pressler, Gorton, Stevens, Hollings, Long, Inouye, Ford, and Riegle.

From the Committee on Commerce, Science, and Transportation for the consideration of sec. 6701 of title VI only: Messrs. Danforth, Packwood, Goldwater, Hollings, and Long.

From the Committee on Energy and Natural Resources: Messrs. McClure, Domenici, Wallop, Johnston, and Ford.

From the Committee on Energy and Natural Resources for the consideration of sec. 6701 of title VI only: Messrs. McClure, Hatfield, Domenici, Johnston, and Ford.

From the Committee on Environment and Public Works: Messrs. Stafford, Chafee, Simpson, Symms, Bentsen, Burdick, and Lautenberg.

From the Committee on Finance—General Conferees: Messrs. Packwood, Roth, Danforth, Chafee, Long, Bentsen, and Matsunaga.

From the Committee on Finance—For PBGC and ERISA Subconference only: Messrs. Packwood, Chafee, Heinz, Mitchell, and Moynihan.

From the Committee on Finance—For CHAMPU's Medical Subconference only: Messrs. Durenberger and Baucus.

From the Committee on Finance—For private health insurance coverage subconference only: Messrs. Heinz, Wallop, Durenberger, Baucus, and Pryor.

From the Committee on Governmental Affairs: Messrs. Roth, Stevens, Mathias, Cohen, Eagleton, Levin, and Gore.

From the Committee on Labor and Human Resources—General conferees: Messrs. Hatch, Stafford, Quayle, Kennedy, and Pell.

From the Committee on Labor and Human Resources—For PBGC and ERISA subconference only: Messrs. Hatch, Nickles, Thurmond, Kennedy, and Metzenbaum.

From the Committee on Small Business: Messrs. Weicker, Gorton, and Bumpers.

From the Committee on Veterans' Affairs: Messrs. Murkowski, Simpson, and Cranston.

Conferees on the Part of the Senate.

Mr. DOLE. Mr. President, I want to thank again my colleagues for their patience and understanding. I really believe that we have reached the right result. I know it is difficult for those who have been conferees to look forward to going back to conference. But I am advised by the distinguished chairman of the Finance Committee, and the chairman of the Budget Committee that they believe there may be some opportunity to still achieve some savings.

The President is on record now of indicating that he will sign the measure if we take care of these six programs, with one caveat. There may be some more entitlement programs which are added that have not yet been discovered by the President's advisers.

So it seems to me that we have an opportunity, and I hope we can reach a quick agreement when we come back. Or, if the House is prepared to go to conference now, I assume we can round up a few people that might even do that. But that would be highly unlikely.

In praise of Senators ROCKEFELLER and BYRD for their efforts to achieve compromise on financing of Black Lung Trust Fund.

Mr. MATSUNAGA. Mr. President, as a member of the Senate Finance Committee, I have worked long and hard with my colleagues on the reconciliation legislation that we are attempting to pass in final form today. One issue that has been especially difficult is the large deficit of the Black Lung Disability Trust Fund. For many months, Senate and House members have disagreed over what approach should be taken to solve this problem.

My distinguished colleague, the junior Senator from West Virginia, Mr. ROCKEFELLER, entered into the deliberations as soon as the problem was identified. For many months, he has played a pivotal role in bringing concerned Members of Congress, coal industry officials, and the United Mine Workers of America together to form a consensus on an equitable and responsible solution to the Black Lung Trust Fund deficit.

As a conferee on reconciliation legislation, I was constantly briefed by Senator ROCKEFELLER in the recent months on this important matter. Although the coal industry and coal miners are not part of my fine State of Hawaii, I have sympathized with my colleagues who represent States whose economies are directly linked to the coal industry. In particular, I felt that our Nation should not retreat from its obligation to provide relief to the victims of the crippling disease of black lung.

With Senator ROCKEFELLER's advice and assistance, I decided to back a compromise that is now in the final reconciliation bill. It was nuclear whether the Senate and House leadership would agree to the compromise until the final hours of our deliberations. But fortunately, the arguments on behalf of the compromise plan convinced the conferees to adopt it.

I supported this compromise because I was convinced it will restore the solvency of the Black Lung Trust Fund. Thanks to the leadership of concerned Senators including Senator ROCKEFELLER, we have taken responsible action in time to avoid significant harm to the Black Lung Program.

There are others to congratulate for the efforts that were made on behalf of this provision of the reconciliation legislation. In particular, our distinguished minority leader, the senior Senator from West Virginia, Mr. BYRD, who helped a great deal to reach this positive outcome.

The people of West Virginia are indeed well represented in the U.S. Senate.

Mr. SASSER. Mr. President, as we now await final resolution of the conference report on the budget reconciliation bill, I would like to take just a few minutes to talk about one provision in the bill that I feel is both a major disappointment and ill-advised; namely, the banking provisions dealing with the Urban Development Action Grant Program.

I support the reconciliation bill. Overall, it represents much needed deficit reduction to the tune of some $83 billion over the next 3 years; $20 billion this year alone.

Differences between the House and Senate banking conferees regarding major housing authorization provisions has led to a situation where UDAG formula changes, which have tediously been negotiated over an extended period of time, are basically being held hostage. This is most unfortunate to the many communities around this Nation which have been bypassed over the past several years by a formula which unduly works to the advantage of cities in certain regions of the country to the detriment of other regions such as cities in the sunbelt, including my State of Tennessee.

A tremendous amount of time and effort has gone into assuring formula changes which will guarantee both the continuation and efectiveness of this important public/private partnership initiative. Those of us who wanted to restore UDAG's original mission, to restore its definition as a truly action-oriented program, undertook these negotiations some 2 years ago. We have finally produced a compromise which is a compromise in the truest sense of the word, it is bipartisan, spans all regions of the country, and crosses philosophical and ideological lines.

UDAG's original mission has not changed. It is to provide a chance for distressed ubran communities to stem the tide of decay, and to do it with a unique public-private partnership approach. It is "to assist cities and counties which are experiencing severe economic distress to help stimulate economic development activity needed to aid in economic recovery." This commitment would come from a community's own citizens, its own businesses, its own State and local governments.

In times of fiscal and budgetary austerity, this is exactly the kind of initiative that we should be striving for. I regret that the changes that I and others including Senators RIEGLE, HEINZ, GRASSLEY, and D'AMATO have worked so hard to achieve are not included in this bill.

I do not know whether this reconciliation bill will be passed before we adjourn sine die today. But I would just like to state for the record that whatever happens here today, I will be back on this floor at the earliest possible time next year pressing for changes which will preserve the essential mission of the UDAG Program while at the same time trying to make changes in the distribution formula which are fairer and more equitable.

Mr. GORTON. Mr. President, one of the provisions of the reconciliation bill is intended to control Federal motor vehicle costs, so as to produce budget savings. I am concerned about the impact of this proposal on the Bonneville Power Administration (BPA). The BPA is principally financed by electric rate charges, and so reductions in its costs would be passed on through lower rates, rather than showing up as Federal budget savings. Given the exemption of the Tennessee Valley Authority and the Postal Service from this provision, as well as report language indicating that the purpose of the provision is to produce budget savings, I would anticipate that the Administrator of General Services would apply the act's requirements to vehicles the elimination of which would produce budget savings.

In addition, many of the vehicles of the BPA are special purpose vehicles used for electric system operation and maintenance, and are not supplied by GSA nor readily available for lease in the private sector. Such vehicles are clearly intended to be exempt from the act.

I ask unanimous consent that a letter from myself to Senator ROTH, the chairman of the Government Affairs Committee, and his reply to me, agreeing with this point, appear at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, December 6, 1985.

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senator, Washington, DC.

DEAR BILL: I'm writing to let you know my concern that Amendment 857 to the Senate budget reconciliation bill—dealing with federal motor vehicle expenditure control—would have a substantial adverse effect on the Bonneville Power Administration [BPA], an effect that I don't believe the sponsor of the amendment intended. For these reasons I'm asking your support for a clarification of the definition of "motor vehicles" contained in the amendment.

As you know, the BPA is one of six federal power marketing agencies. It constructs, operates and maintains the electrical transmission system in the Pacific Northwest. Approximately 90% of its fleet is off-road and special purpose vehicles, used in the field.

These vehicles are required by the BPA in order to provide a reliable regional transmission network.

It is BPA policy to turn first to the General Services Administration [GSA] for their vehicle needs, and to purchase only those vehicles which GSA does not have available. There is no private sector alternative source for such specialized equipment. In addition, BPA is already in the process of conducting an A-76 study of its motor vehicle maintenance activities, to analyze whether these could be contracted to the private sector.

Given the unique characteristics of the BPA fleet, applying the requirements of Amendment 857 would result in a substantial paperwork burden to the agency with no real benefits through lower vehicle costs. I therefore ask your help in modifying the language to exclude such specialized field vehicles required by the six federal power marketing agencies from this amendment.

Attached is proposed bill and report which would seem to solve the problem.

Thank you for your attention.

Sincerely,

SLADE GORTON.

U.S. SENATE,
Washington, DC, December 17, 1985.

Hon. SLADE GORTON,
U.S. Senate, Washington, DC.

DEAR SLADE: I am responding to your December 6, 1985 letter regarding the Federal motor vehicle expenditure control provision included in the Senate budget reconciliation bill. You said this provision could have a substantial adverse impact on the paperwork burden to the agency with no real benefits through lower vehicle costs. We have reached agreement with the House, and I wanted to let you know the result now because of the uncertainty about when the conference report will be approved by the Congress.

The motor vehicle expenditure control provision in the final bill contains modifications that should allay your concerns. First, we simplified the data collection, study and reporting requirements which should reduce the paperwork burden, not only on BPA but also all Federal agencies subject to the provision. Second, we provided in the definition of "motor vehicle" that the Administrator of General Services could exempt from the provision's requirements "any other special purpose vehicle." This language was included to permit exclusion of field vehicles such as those required by Bonneville Power and the other five power marketing agencies. Therefore, I would expect the Administrator to act favorably on any request from these agencies for an exemption of their special purpose vehicles.

Sincerely,

WILLIAM ROTH, JR.
Chairman.

Mr. BENTSEN. Mr. President, there is no one in this Chamber more disturbed than I am by the failure of the other body to abide by the conference agreement, which was negotiated in good faith over many weeks.

But we must be realistic and deal with the options that confront us, and from what I can see those options are very limited. To be more precise, I believe they have been narrowed down to two.

We can either send a budget reconciliation bill to the White House or not.

Let me tell you what it means if the U.S. Senate fails to send a bill to the White House.

It means that the U.S. Senate will be responsible for adding $52 million to the Federal deficit every day that legislation is not signed into law.

We're talking here, after all, about legislation that will reduce the Federal deficit by more than $18 billion during the current fiscal year and by $74 billion over the next 3 years.

(So far as my own State of Texas is concerned, the budget reconciliation bill also ends a long controversy over revenues from offshore oil and gas. My State's economy is struggling and our State finances are strained. This legislation would provide $456 million to our State treasury immediately—money we need immediately—and a total of $772.4 million over the next 10 years. I fought hard in the Senate to insure Texas a fair share of these funds. We won that debate and we should carry out that decision.

It was only 1 week ago that the Senate approved legislation intended to eliminate the Federal deficit by 1991. Yesterday we voted for this legislation by a vote of 78 to 1. We are today facing our first hard choices on budget reduction since Gramm-Rudman was signed into law and a failure to act now—however persuasive the arguments might seem—would get this effort off on the wrong foot.

Mr. President, in my view we have no choice but to bring about this saving to the taxpayers and approve the budget reconciliation legislation sent to the Senate by the House of Representatives.

Thank you.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business for not to extend beyond the hour of 6:30 p.m. this evening.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONRAIL

Mr. DOLE. Mr. President, when we return in January, unless there is something unforeseen which happens, and I do not anticipate anything, it will be the intention of the majority leader to turn to Conrail as the first order of legislative business.

That is a matter of extreme interest to many of my colleagues, and to the Secretary of Transportation.

I think the distinguished chairman of the Commerce Committee wanted to make some comments.

Mr. DANFORTH. Mr. President, let me express my appreciation to the majority leader for that announcement.

The offer of Norfolk Southern Corp. to buy Conrail expires at the end of the year. I met recently with the CEO of Norfolk Southern, Robert B. Claytor, to discuss the status of the sale of Conrail legislation (S. 638). I told Mr. Claytor that while the Senate will not have time to consider the matter fully this session, it is my intention to bring S. 638 to the floor as the pending business when we reconvene in January. On the basis of this assurance, Mr. Claytor has indicated that he considers this to be substantial progress and has committed that Norfolk Southern is willing to extend its agreement with the Department of Transportation long enough to allow the necessary consideration and a vote on S. 638.

SINE DIE ADJOURNMENT

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to the consideration of House Concurrent Resolution 267, the adjournment resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

A concurrent resolution (H. Con. Res. 267), providing for a sine die adjournment of the first session of the 99th Congress.

There being no objection, the Senate proceeded to the immediate consideration of the concurrent resolution.

Mr. BYRD. Mr. President, may I ask the distinguished majority leader a question?

Does this resolution have in it the common provisions that have been put into such adjournment resolutions recently allowing the House and Senate to call themselves back?

Mr. DOLE. It does contain that language.

Mr. BYRD. I thank the distinguished majority leader.

Mr. DOLE. Mr. President, can we have that portion of it read? I think it is important.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

SEC. 2. The Speaker of the House, after consultation with the Minority Leader of the House, and the Majority Leader of the Senate, after consultation with the Minority Leader of the Senate, acting jointly, shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 267) was agreed to.

Mr. DOLE. Mr. president, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDERS FOR TUESDAY, JANUARY 21, 1986

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate convenes the 99th Congress, the 2d session, on Tuesday, January 21, 1986, that the reading of the Journal be dispensed with, that no resolution come over under the rule, and that the call of the calendar be dispensed with.

THE PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the Senator from Wisconsin, Mr. PROXMIRE, be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that following the special order, there be a period for the transaction of routine morning business not to extend beyond the hour of 1 p.m., with Senators permitted to speak therein for not more than 5 minutes each, and, provided further, that the morning hour be deemed to have expired.

THE PRESIDING OFFICER. Without objection, it is so ordered.

FILING OF COMMITTEE REPORTS

Mr. DOLE. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until January 21, 1986, that committees be authorized to file reports between the hours of 10 a.m. and 3 p.m. on Wednesday, January 8, 1986.

THE PRESIDING OFFICER. Without objection, it is so ordered.

TEMPORARY EXTENSION OF CERTAIN PROGRAMS RELATING TO HOUSING

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to the consideration of House Joint Resolution 495, relating to housing programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 495), to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

There being no objection, the Senate proceeded to the immediate consideration of the joint resolution.

The PRESIDING OFFICER. The question is on the joint resolution.

The joint resolution was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEMPORARY EXTENSION OF CERTAIN TAX PROVISION

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 4006.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 4006) entitled "An Act to extend until March 15, 1986, the application of certain tobacco excise taxes, trade adjustment assistance, certain medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program, and to amend the Internal Revenue Code of 1954 to extend for a temporary period certain tax provisions of current law which would otherwise expire at the end of 1985", with the following amendments:

In lieu of the matter inserted by the amendment of the Senate to the text of said bill, insert:

SECTION 1. EXTENSION OF INCREASE IN TAX ON CIGARETTES.

Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "December 20, 1985" and inserting in lieu thereof "March 15, 1986".

SEC. 2. EXTENSION OF MEDICARE HOSPITAL AND PHYSICIAN PAYMENT PROVISIONS.

Section 5(c) of the Emergency Extension Act of 1985 (Public Law 99-107) is amended by striking out "December 19, 1985" and inserting in lieu thereof "March 14, 1986".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect on December 19, 1985. As an exercise of authority under the commerce, taxation, and other powers under the Constitution, the amendment made by section 1 shall be treated for purposes of all Federal and State laws as enacted on December 19, 1985.

In lieu of the matter inserted by the amendment of the Senate to the title of the aforesaid bill, insert: "An Act to extend until March 15, 1986, the application of certain tobacco excise taxes and certain medicare reimbursement provisions.".

Mr. DOLE. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MATSUNAGA. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield to the distinguished Senator from Hawaii.

Mr. MATSUNAGA. Mr. President, I had intended to offer to this bill an amendment to extend the tax credits for renewable energy such as solar and geothermal projects. But, after consulting with the chairman of the Finance Committee, with the majority leader, and with the minority leader, I decided against offering the amendment because it would have put the tobacco and Medicare tax extensions in jeopardy. This is true because the House does not have a quorum, and it would have taken just one single voice to defeat the bill.

I was told that we could take up the matter of the renewable energy credits early next year which would be made retroactive to January 1 anyway.

I wish to express my deep appreciation to the chairman.

Mr. PACKWOOD. Mr. President, could I address the point raised by the Senator from Hawaii? As he knows, I have been a long supporter of this program. There are a good many other programs that are expiring. It would be my hope that any of those that are kept would be kept retroactive when they expire at the end of this year.

Mr. MATSUNAGA. I thank the chairman. I yield the floor.

EXECUTIVE CALENDAR

Mr. DOLE. Mr. President, I would like to inquire of the distinguished minority leader if he is in a position to confirm the following military nominations for posthumous promotions reported from the committee today: In the Army, to be captain, Lt. John K. Kosh, Lt. Paul D. Long, Lt. Joey McCarty, and Lt. Barry C. Powell.

To be chief warrant officer 4, CWO-3 Robert A. Bowen.

Mr. BYRD. Mr. President, I believe that these were officers who were on the plane which crashed. Not only do we not have any objection on this side, but we also support the request that the nominations be confirmed for posthumous promotion.

Mr. DOLE. Mr. President, I want to join the distinguished minority leader in urging the confirmation of the promotions.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider and confirm the nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the nomina-

tions be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection the nominations are considered and confirmed en bloc.

The nominations confirmed en bloc are as follows:

The following named officers for posthoumous promotion to the grade indicated under the provisions of article II, section 2, clause 2 of the Constitution of the United States of America:

ARMY

To be captain

Lt. John K. Kosh, [redacted]
Lt. Paul D. Long, [redacted]
Lt. Joey McCarty, [redacted]
Lt. Barry C. Powell, [redacted]

To be CWO-4, CWO-3 Robert A. Bowen, [redacted]

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

YEAR-END WRAP-UP

Mr. DOLE. Mr. President, I know that most everyone is tired and anxious to leave. But before we adjourn, I would like to say a word of thanks to some of the many, many people who help lighten my workload, and make being majority leader, if not a cakewalk, a more pleasant experience.

First, ALAN SIMPSON, the assistant majority leader, whose ready sense of humor and canny insights have helped us out of many legislative thickets. And whose willingness to step in for me, when necessary has been of immeasurable help.

All of the Republican leadership, STROM THURMOND, President pro tempore, JOHN CHAFEE, the chairman of the Republican Conference, BILL ARMSTRONG, the chairman of the Republican Policy Committee, and JOHN HEINZ, the chairman of the Senatorial Committee, all have been of enormous assistance through this session.

And while we have had our differences, I want to offer my gratitude to the Democratic leader, the distinguished Senator from West Virginia BOB BYRD. Throughout the session he has been both approachable and forthright. Because of this and his willingnesss to act as a mediator we were able to come to resolution on many difficult issues.

Thanks also to the Secretary of the Senate, Jo-Anne Coe and her staff, including those in the office of the official reporters and those in the Parliamentarian's office who work under the fine direction of Bob Dove; the Sergeant at Arms, Ernest Garcia and everyone in his office; the secretary to the majority, Howard Greene and his staff, John Tuck, Elizabeth Baldwin, and the entire legislative scheduling and Cloakroom staff. And or course, the pages.

Rev. Richard Halverson, the Senate Chaplain, provides solace and inspiration to us day after day, and for this I offer my appreciation.

Finally, a special word of thanks to my staff, both those in my personal office and the majority leader's staff. Without their efforts, many of the achievements the Senate can point to would not have come about, or fallen short.

ACCOMPLISHMENT OF 1985

Mr. President, I think the Senate, and Congress for the matter, has many reasons to leave Washington feeling proud. This was a year when Congress took the initiative, set the agenda, and grappled with difficult, controversial, but imperative issues.

When we convened last January each of us had our personal legislative agendas. But, I believe all of us shared one overriding goal—a goal imposed upon us, I might add, by the American public. That was to finally come to terms with the perilous Federal deficit.

For some months, it may have looked like the Senate was on the road to nowhere. But, after many twists and turns, we finally adopted a budget resolution calling for historic deficit reductions. And in response to continued frustration over the deficit, passed the Gramm-Rudman-Hollings balanced budget plan. The capstone to the year's deficit-cutting efforts came just today, when we agreed to the budget reconciliation package—putting into effect as much as $83 billion in deficit reductions—approximately $69 billion in outlays over 3 years, and $14 billion in additional revenues. I am very disappointed that we were unable to reach final agreement with the House because of the debate on the financing of Superfund.

The whole tone and tenor of this session was set by the deficit. Almost every action we took, whether it was authorizing defense programs, or providing credit for American farmers, was touched by the deficit.

Gone are the days when Congress had the luxury of creating new Federal programs. Today we must live with the realities of retrenchment. We, like it or not, are charged with deciding what the Federal Government's role really is. Those decisions are not easy ones. And we have only just begun to confront them.

Next year's challenges will be monumental. But we should not give short shrift to what Congress, through its determination, achieved this year. No longer can the American people doubt that we are serious about putting our fiscal house in order; 1981 marked a turning point in our Nation's economic history. Congress did not change course in 1985, but it shifted into high gear. And we will stay in high gear until we have guaranteed, through responsible fiscal policies, that economic growth and prosperity are here to stay.

While economic concerns were the focus of this session, questions of national and world-wide security were also central. And I believe our record, on the defense budget, aid to the Nicaraguan Contras, South Africa, the Jordan arms sale, the compact of free associations, and many others, is one that sustains our country's commitment to perserving world peace.

Congress also passed historic reforms in agriculture policy. The farm bill, which we cleared yesterday, sets a new direction by reducing support for basic commodities, increasing funds for export promotion and farm credit programs, and extends the Food Stamp Program. And the farm credit bill, should provide farmers with the credit aid they need by shoring "P," the multibillion dollar Farm Credit System.

The Senate also dealt with issues long overdue for action—the foreign aid authorization bill, gun control, nominations to the Legal Services Corporation. And while Congress did not complete work on several major issues, the Senate-passed Superfund, immigration, and clean water legislation.

Mr. President, the list of measures and issues, considered or adopted by the Senate is long and impressive. And rather than go on, at this point I would ask unanimous consent to insert in the RECORD a summary, prepared by each of the committees, of this session's accomplishments.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY DURING THE 1st Session of the 99th CONGRESS

The Committee on Agriculture, Nutrition, and Forestry guided by its distinguished chairman, Senator JESSE HELMS, has developed in the first session of the 99th Congress agricultural programs that will signficantly affect the Nation and the world. Congress has an important role to play as partner with the farm community in strengthening the farm economy and in assuring farmers and ranchers the greatest possible opportunities for operating profitable farm and ranching businesses.

During the first session of the 99th Congress, the committee conducted nine confirmation hearings on Presidential appointments, and reported favorably on every nomination.

The committee received and reviewed 25 reports on various Department of Agriculture functions; 99 bills, resolutions, and amendments were referred to the committee and its six subcommittees; and six reports on legislation were filed. The committee conducted 27 hearings, six field hearings, and four subcommittee hearings relating to farm legislation and executive branch appointments. The committee conducted 49 legislative drafting sessions over 38 different days, and 12 sessions in conference over 8 days.

The committee's work during the first session of the 99th Congress was centered around the Food Security Act of 1985, otherwise known as the farm bill. Other legislation included a bill to defer the wheat referendum, and the reporting of several measures which were subsequently incorporated into the farm bill.

The farm bill reauthorized price and income support and production control programs for the 1986–90 crops of wheat, feed grains, unplant cotton, rice, soybeans, sugar and peanuts, as well as for production of dairy products, honey and wool and mohair. It also included major legislation and reauthorization for:

Public Law 480, the Food for Peace Program;

Other key farm export programs, including authorization of an intermediate farm credit program;

Authorization of a 40-million acre conservation reserve to retire highly erodible acres from producing a compromise on the status of clear title regarding mortgaged commodities;

The Food Stamp and Nutrition Programs;

Major modifications in annual welfare legislation; and

The first restructuring in legislation governing application of the cargo preference laws to agricultural exports.

In addition, the committee reported legislation fulfilling its obligations under the reconciliation procedures of the Budget Act, reducing spending in agricultural functions by $7.9 billion over 3 years. This legislation included modifications in export programs, agricultural credit programs, and the Food Stamp Program. These provisions were subsequently included in the farm bill.

Also, legislation reforming the Farm Credit System was passed by the Senate under committee direction. This legislation provided for the restructuring of the Farm Credit System revamped and increased the regulatory authority of the Farm Credit Administration and authorized Federal assistance to the system should that prove necessary.

Further, under the committee direction the Senate-passed legislation to extend certain expiring child nutrition programs, with a conference on similar legislation passed by the House of Representatives to be held early in the second session of the 99th Congress.

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON APPROPRIATIONS DURING THE 1ST SESSION OF THE 99TH CONGRESS

The 1st session of the 99th Congress has been an extremely busy one for the Committee on Appropriations. During the year, 18 separate appropriations measures were considered and passed by the Senate.

Although none of the 13 regular appropriations bills were enacted prior to the start of the fiscal year, 6 of these measures have subsequently become law. These included: the energy and water development; Commerce, Justice, State, judiciary; legislative, Housing and Urban Development; Transportation; Labor, Health and Human Services; and finally, the military construction appropriations bills. Extreme budgetary constraints confronting the Congress, and the attendant difficult choices and priorities, have resulted in prolonged delays in the consideration of budget and appropriation legislation.

It was not until September that the guidance on overall budgetary allocations was provided to the committee. This allocation represented an unprecedented degree of expenditure stringency. The committee met this challenge and has succeeded in reporting to the Senate all 13 regular appropriations bills, and 10 of these bills were subsequently passed by the Senate. In addition to the six appropriations bills noted above, the Senate also passed the following appropriations bills: Agriculture, rural development, and related agencies; Housing and Urban Development; Treasury; Postal Services; and finally the District of Columbia appropriations bill.

Unfortunately, the very heavy Senate schedule this fall precluded final action on all these separate measures. During debate on the final continuing resolution, however, the Senate was able to express its will on the remaining appropriations legislation and again the actions recommended by the committee have yielded appropriations for fiscal year 1986 within the total budget allocation for budget authority within its jurisdiction.

SUMMARY OF ACTIVITIES—1985 OF THE SENATE COMMITTEE ON ARMED SERVICES DURING THE 1st Session of the 99TH CONGRESS

The Senate Committee on Armed Services consists of 19 members: Senator Barry Goldwater (R-AZ), Strom Thurmond (R-SC), John W. Warner (R-VA), Gordon J. Humphrey (R-NH), William S. Cohen (R-ME), Dan Quayle, (R-IN), John P. East (R-NC), Pete Wilson (R-CA), Jeremiah Denton (R-AL), Phil Gramm (R-TX), Sam Nunn (D-GA), John C. Stennis (D-MS), Gary Hart (D-CO), J. James Exon (D-NE), Carl Levin (D-MI), Edward M. Kennedy (D-MA), Jeff Bingaman (D-NM), Alan J. Dixon (D-IL), and John Glenn (D-OH). There are currently six subcommittees: Military Construction, Strategic and Theater Nuclear Forces, Preparedness, Sea Power and Force Projection, Manpower and Personnel, and Defense Acquisition Policy.

There were 66 Senate bills, resolutions and joint resolutions and 6 House bills referred to the Committee in 1985. Five of these bills were enacted into public law.

The Committee devoted a great deal of time to an analysis of the FY 1986 Department of Defense Authorization Bill. A total of 59 hearings and 14 markups were held by the Committee and its subcommittees on this bill. Conference was completed on July 26, 1985, after two weeks of intense deliberation. The bill was signed into law by the President on November 8, 1985. The bill includes authorizations for procurement, research and development, operation and maintenance, stock funds, special foreign currency programs, and various other legislative provisions for the Department of Defense. When combined with the effects of other defense funding legislation, the conference bill authorized appropriations of approximately $302.5 billion in budget authority for the FY 1986 National Defense function, a reduction of $19.7 billion from the President's request. This amount is consistent with the funding level approved by the Congress in the First Concurrent Budget Resolution, and represents inflation-only growth over final funding approved for FY 1985.

During the meetings of the Committee to discuss tactical warfare issues the focus was to continue the essential modernization of our conventional forces and to strive to achieve the most efficient and economic production rates of tactical systems.

The Subcommittee on Strategic and Theater Nuclear Forces conducted 12 hearings during February and March in connection with the FY 1986 Defense Authorization bill. These hearings focused on U.S. strategic offensive force programs; the Strategic Defense Initiative; strategic command, control and communications; theater nuclear forces; and the binary chemical modernization program. The members received several classified briefings on Soviet capabilities.

This Subcommittee also conducted two hearings on the serious issue of Soviet treaty violations. These hearings addressed the actual violations and their implications for U.S. national security. The Subcommittee began to focus on the issue of how the U.S. should respond to Soviet treaty violations, and will continue to study this issue next year.

The meetings of the Subcommittee on Preparedness concentrated on the readiness of the United States military capability. The readiness review was conducted in conjunction with the oversight of the operation and maintenance and ammunition portions of the DOD budget request. In making recommendations on the level of DOD authorizations for these two areas of the budget, military capability was also examined. Specific areas of the concern upon which this subcommittee focused during 1985 were: the increasing overhead costs involved in supporting the expanded defense buildup; the shortfalls in ammunition stockpiles and production base; procedures for estimating current and future O&M funding requirements, trends in military capability; force readiness and force sustainability; and review of potential cases of waste and abuse in the accounts under the responsibility of the Preparedness Subcommittee.

There were 8 hearings of the Subcommittee on Sea Power and Force Projection in 1985. The full Committee was also briefed in January on the Navy's "Forward Maritime Strategy." During February and March, the Sea Power and Force Projection Subcommittee held additional hearings beginning with a classified assessment of the current global maritime threat to U.S. interests. Subsequent hearings addressed such issues as the Navy's global commitments, the U.S. fleets' readiness and sustainability, and the Air Force airlift program. The subcommittee also held a hearing in October to consider Senate Bill S. 535, the "National Shipbuilding Industrial Base Act of 1985."

In the 15 meetings of the Subcommittee on Manpower and Personnel, the Committee embarked upon a course to make more efficient use of compensation funds. The committee recommended that military retirement be restructured so that more compensation would be available for use during active duty careers. Specific legislation to effectuate these changes will be considered by the Committee early in 1986. At the

same time, the Committee took action to improve a number of special and incentive pays and to improve the quality of life for military personnel. The Committee also conducted a number of hearings on the military health care system, and continues to work with the Department of Defense in the formulation of programs which will improve that system's ability to provide top quality health care to military personnel and their families.

The Defense Acquisition Policy Subcommittee held ten hearings in 1985 on defense acquisition issues. The first two hearings, on January 30 and February 20, were devoted to receiving testimony on the strengths and weaknesses of the defense acquisition system from defense industry executives and procurement experts. Four additional hearings in March addressed the issues of increasing the professionalism of the acquisition workforce, the audit practices of the Department of Defense, the employment of former DOD acquisition personnel and the cost estimating procedures used by the Department of Defense. Finally, the Subcommittee held four oversight hearings during October and November on the implementation of the 1984 defense acquisition legislation.

The Subcommittee on Military Construction analyzed the Fiscal Year 1986 Military Construction Authorization Bill, which, as enacted, authorized $9.2 billion to replace outmoded and dilapidated operations, maintenance and training facilities as well as much needed family housing. Construction in support of new weapons as well as new missions accounted for $3.5 billion of the total. This year the Congress also passed legislation making it easier to close down unneeded and inefficient military bases and legislation promoting innovative alternative financing methods.

In May 1985, Senator Goldwater and Senator Nunn formed a Task Force on Defense Organization to focus the work of the Armed Services Committee on the organization and decision-making procedures of the Department of Defense and the Congress. The Task Force is co-chaired by Senator Goldwater and Senator Nunn and consists of Senators Cohen, Quayle, Wilson, Gramm, Bingaman, Levin and Kennedy. Almost two years earlier, Senator John Tower and the late Senator Scoop Jackson, directed the Committee staff to prepare a comprehensive study of this complex issue. Under the guidance of the Task Force, the staff completed and released its study, entitled Defense Organization; The Need for Change, on October 16, 1985.

In November, the Armed Services Committee initiated a lengthy series of hearings on the organization of the Defense Department and the Congress. The Committee held a total of 10 hearings in which it took testimony from 27 witnesses, and expects to consider legislation on this issue early in the second session of the 99th Congress.

Over the course of the past year the Committee reviewed the qualifications of and made recommendations to the Senate on thirteen Presidential nominees. Among these nominees were Admiral William J. Crowe, Jr. to be Chairman of the Joint Chiefs of Staff and John E. Krings to be the Director of Operational Test and Evaluation, a new position created by Public Law 98-94. The Committee also acted on 52,310 military nominations in the Army, Navy, Marine Corps and Air Force. All of these nominations were confirmed by the Senate.

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

During the first session of the 99th Congress the Senate Committee on Banking, Housing, and Urban Affairs, under the Chairmanship of Senator Jake Garn (R-Utah) continued its efforts to address significant issues raised in the rapidly changing financial services marketplace.

At the end of the 98th Congress the Senate Banking Committee brought together S. 2851, The Financial Services Competitive Equity Act, which passed the Senate 89 to 5, and sent the passed version on to the House but ended with the adjournment of the 98th Congress.

The size of the passing margin reflects the pressing need for legislation to continue addressing the competitive issues, consumer protection, and the regulatory issues raised by the constant changes in our financial services industry.

Chairman Garn says the Senate Banking Committee does not have to start all over again. Most of the issues defined in S. 2851 have not changed since the 89 to 5 vote last September. Modifications, if any, will be considered.

Members of both Houses consider the deposit insurance reform issue as the priority in the 2nd session and will command detailed attention at the full Committee level.

During the 1st session of the 99th Congress the full Committee and its Subcommittee held a total of 52 days of oversight and legislative hearings, having 289 witnesses testifying and contributing ideas to proposed legislation.

The Senate Banking Committee continued its oversight hearings on monetary policy for the first session of the 99th Congress in the calendar year of 1985. Two hearings were held, the first on February 20, 1985 and the second on July 16, 1985. Discussions were centered on Domestic and International economic developments, monetary aggregates, interest rates and velocity. The Committee continued its practice of inviting officials from the regulatory agencies and private economists to assist the members in their deliberations. Reports of the two hearings conducted by the Committee are:

Senate Report 99-22, April 2, 1985.

Senate Report 99-149, October 4, 1985.

The 52 days of hearings not only included the deposit insurance reform issue but also 9 days of oversight hearings on the Comprehensive Reform in the Financial Services Industry, etc.

In view of the fact that no banking legislation passed into law during the 1st session of the 99th Congress, the Senate and House Banking Committees emphasize that the legislative pace during the 2nd session will pick up around April 1987, with a bill hopefully being signed into law by the President in July 1986.

ACTIVITIES OF THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

During the first half of the 99th Congress the Subcommittee focused its attention on all areas of housing and urban affairs. Every aspect of the issues charged to the Housing Subcommittee was examined in light of the President's budget proposal and the crippling deficits currently facing the United States.

The full Committee held three hearings: March 22, March 25 and April 15, on housing and urban affairs. Numerous representatives of transportation, community development, rural housing, as well as the Secretary of HUD and the head of the Office of Management and Budget testified before the Committee.

Under the Budget Reconciliation Act (S. 1730), four issues within the Subcommittee's area of responsibility were addressed:

(1) Section 108 Community Development Loan Guarantee Program: This saves the Federal Government $250 million annually, the same result as eradicating the program (the Administration's original proposal). It prohibits the Federal Financing Bank from purchasing notes or other obligations guaranteed under Section 108 of the Community Development Block Grant Program after June 30, 1986, and requires the Secretary of HUD by July 1, 1986, to take the actions necessary to provide for the financing by the private sector of loans guaranteed under Section 108. It also authorizes $1.279 billion in fiscal year 1986 for public housing operating subsidies.

(2) Rural Housing Authorization: This section provides that the aggregate principal amount of loans that may be guaranteed or insured in fiscal year 1986 may not exceed $2,146,600,000 to be allocated as follows: Sec. 502 homeownership loans $1,209.6 million; Sec. 515 rental loans $900 million; Sec. 514 farmworker housing loans $19 million; Sec. 524 site loans $1 million; and, Sec. 504 repair loans $17 million.

Management of Insured and Guaranteed Loans: (a) Prohibits rural housing loans made directly by private lenders and insured by the Farmers Home Administration from being sold to the Federal Financing Bank; (b) Provides that each insured or guaranteed loan contain an agreement by FmHA to pay the difference between the interest rate paid by the borrower and the full private market rate of interests. (c) Provides for protection of the borrowers' rights by requiring that the loan be assigned to the Secretary in the event of a substantial default but before foreclosure. Congress intends that the FmHA follow the practices of private mortgage bankers and lenders with regard to defining substantial defaults and that the full forebearance provisions under existing law be extended to the borrower; (d) Provdes that the rights available to the borrower prior to the enactment of this provision will continue; (e) further provides for a loss reserve account of not less than 5 percent of the loans sold to the public and makes other conforming changes in existing law.

(3) Operating Subsidies: The level of funding for public housing operating subsidies for fiscal year 1986 was set at $1.279 billion (the same amount as provided in the HUD Appropriations Act 99-160).

(4) Public and Indian Housing Loan Debt Forgiveness: Provides that loans made for public and Indian housing, as well as modernization assistance, will be forgiven at the end of each fiscal year. It also gives direction for the use of the budget authority in the HUD Independent Appropriations Act of 1986, P.L. 99-160, which provides funds for new public housing development and modernization on the basis of long-term financing through sales of tax-exempt securities issued by public housing authorities. The conferees action in meeting the reconciliation directive concerning public housing debt forgiveness leaves open the possibility that if tax-exempt financing is not possible in the future the financing mechanism provided for in this section will be used. if this approach is used the conferees intend that any budget authority not needed to fund the 7,000 additional public and Indian hous-

ing units or provide the level of modernization activity assumed by the Appropriations Committee will be rescinded.

These matters were settled when the Budget Reconciliation Act was voted on and passed, December 19, 1985.

Many of the Federal Housing Act mortgage programs, Home Mortgage Disclosure Act, crime and flood insurance programs, and entitlement communities were scheduled to, and did expire on September 30, 1985. The Senate voted on a temporary extension of these programs on October 20 to extend through November throught November 14 and 15. When that extension ran out, the Senate once again extended the same programs through December 15 and 16.

A third proposal to extend these programs through March 17, 1986 was voted and passed on December 19, along with the other requirements under the Budget Reconciliation.

The Subcommittee did not consider any Presidential nominations. Any nominations considered were taken up by the full Committee on Banking, Housing and Urban Affairs.

SUBCOMMITTEE ON INTERNATIONAL FINANCE AND MONETARY POLICY

REAUTHORIZATION AND AMENDMENT OF THE EXPORT ADMINISTRATION ACT OF 1979

Authorities under the Export Administration Act of 1979 expired on March 30, 1984. The Committee gave priority to enactment of reauthorization legislation early in this session. On July 12, 1985, the President signed Public Law 99-64, renewing authorities under the EAA through September 30, 1989 and making numerous amendments to the Act. These amendments would significantly tighten up the enforcement of national security export controls, improve the organization among Government agencies for administering and enforcing export controls, remove outdated controls, streamline the processing of export license applications, and provide greater predictability to export administration, thereby promoting the reliability of U.S. exporters.

The legislation adopted reflected work begun in the 98th Congress but which was still in conference at the time of sine die adjournment in 1984. These amendments represent the most extensive revision of our export control laws since the adoption of the Export Control Act of 1948.

ANTI-APARTHEID ACT OF 1985

One of the first items of business before the subcommittee was consideration of legislative options to address the growing problem of apartheid in South Africa. One hearing was held in the full committee, on April 16, and two hearings were held in the Subcommittee on International Finance and Monetary Policy, on May 24 and June 13. Legislation reported by the Committee on Foreign Relations and adopted by the Senate, and the imposition of sanctions against the Government of South Africa by President Reagan, made further action by the Committee during the Session unnecessary.

LENDING TO SOVIET BLOC COUNTRIES

The dramatic resumption of private bank lending to the Soviet Union and its allies—totaling approximately $1.7 billion loaned or syndicated by U.S. banks in 1985—and the lack of non-emergency authority for the President to regulate such lending prompted Senators Garn, Proxmire, D'Amato, Mattingly, and Hecht to sponsor S. 812, the Financial Export Control Act. This bill, introduced on March 28, would amend the Export Administration Act of 1979 to give the President discretionary authority to control the making of loans and other transfers of capital to the countries to which exports are prohibited for national security purposes under the Act.

Two hearings were held on the legislation in the Full Committee, on September 26 and December 4, with further action to be taken in the Second Session.

MIXED CREDIT WARCHEST

Significant progress has been achieved in recent years to limit official export credits as elements in international export competition. One area where progress has not been seen is in efforts to eliminate the practice of promoting export sales by offering credits with very concessional terms, made possible by mixing foreign aid grant money with the official export credit. As competition has been regulated in other areas of official export credits recourse to mixed credits has increased. The United States, which traditionally has offered very few mixed credits, has failed to obtain progress in negotiations on mixed credits within the Organization for Economic Cooperation and Development (OECD). France, Italy, and Belgium in particular have opposed efforts to raise the minimum allowable grant element in mixed credits, which would make them truly foreign aid and too expensive to be used as a tool for commercial purposes.

In September President Reagan adopted an approach to this problem that had been proposed in legislation by Members of the Committee as early as the 97th Congress. The President submitted legislation to the Congress that would authorize the creation of a $300 million warchest to allow the United States to combat mixed credit offers by initiating a temporary mixed credit program of our own.

The legislation was introduced on October 10 by Committee Members Heinz, Garn, and Dixon, as well as by Senators Danforth and Chafee. A hearing was held on October 30, in the Subcommittee on International Finance and Monetary Policy. Further action is expected early in the Second Session.

EXPORT-IMPORT BANK PROGRAMS

On February 5, the Subcommittee on International Finance and Monetary Policy held an oversight hearing on the programs of the Export-Import Bank. The President's FY 1986 budget submission had called for the elimination of the Bank's direct loan programs, replacing them with an interest subsidy program. Witnesses in the hearing focused on this proposal in particular. No action was taken on the proposal during the Session, the Congress choosing instead to continue with the Bank's direct loan program, thought at a level less than one-third of the authorization for fiscal year 1985.

EXCHANGE RATE MISALIGNMENT

The Subcommittee on International Finance and Monetary Policy conducted a hearing on October 23 on the exchange value of the dollar, the causes of its high value, the consequences for U.S. trade, and proposals for addressing the identified problems. The United States is experiencing record trade deficits, caused in large part by a high value of the dollar that acts as a tax on U.S. exports and as a subsidy for imports. This erosion in our international competitive position jeopardizes the industries with a major dependency on export sales, among which are industries important to our national security and defense production.

Legislation was introduced (S. 1860, and S. 1866) on November 20, which would support the steps undertaken by the Administration to enhance coordination of macroeconomic policies by the major industrial countries and also encourage coordinated intervention by these countries in the foreign exchange markets. That legislation will be taken up in the Second Session.

JAPANESE TARGETING OF U.S. SEMICONDUCTOR INDUSTRY

The United States semiconductor manufacturing industry is in the midst of a major recession. The Subcommittee on International Finance and Monetary Policy held a hearing to review allegations that this business decline was due in large part to unfair Japanese trade practices, both in terms of closed access to the Japanese domestic market for U.S. producers and in terms of unfair marketing practices by Japanese companies in the U.S. market. Substantial evidence was presented to substantiate these claims, and a strong record was established.

In a related step, the Commerce Department announced on December 6 that it was self-initiating an anti-dumping investigation on 256K Dynamic Random Access Memory Components (DRAMs) from Japan, which situation had been discussed in detail in the Subcommittee hearing.

SUBCOMMITTEE ON SECURITIES

IMPACT OF CORPORATE TAKEOVERS

One of the first items of business before the subcommittee was consideration of legislation to halt corporate raiders resort to coercive and unfair tactics in takeover attempts.

The subcommittee held 4 days of oversight hearings with Chairman D'Amato presiding and with a distinguished group of witnesses that appeared for these hearings, helped to indicate the magnitude of these problems and suggested ways that can better protect hostile takeovers.

REGULATION OF GOVERNMENT SECURITIES

On May 9, 1985 Senator D'Amato called to order a hearing to consider legislation on the recent problems associated with auditing practices and accounting standards of the Government securities market. The current problems include customer education, possible changes in accounting practices, as well as a regulatory scheme to require registration and changes in standards for capital adequacy in dealer practices.

REAUTHORIZATIONS FOR THE SECURITIES AND EXCHANGE COMMISSION, 1986-88

On April 17, 1985, Senator D'Amato chaired a hearing to consider the SEC request for reauthorization for fiscal years 1986-88.

The second purpose of the hearing was to use it as a forum to explore some of the recent problems associated with the Government securities market such as the series of failures in the unregulated Government securities market.

S. 919 was introduced by Senator D'Amato to help prevent bankruptcies and save the depositors' confidence in the securities market. Legislation is still pending.

THE SHAREHOLDER COMMUNICATION ACT OF 1985—S. 918

S. 918 passed the Senate on December 18, 1985, this legislation that invests the Securities and Exchange Commission with the authority to promulgate rules regarding the dissemination of proxy materials to shareholders whose shares are held in certain

trust accounts by bonus and other financial institutions. Prior to the enactment of this legislation, the SEC did not have the authority to promulgate regulations in this area that applied to banks. The House passed identical legislation (H.R. 1603) this

AMENDMENT TO THE PUBLIC UTILITY HOLDING COMPANY ACT—S. 727

S. 727 exempts three natural gas companies from the provisions of PUHCA by allowing them to engage in cogeneration activities. This legislation was needed to realize the legislative intent of the Public Utilities Regulatory Policy Act. The Senate passed S. 727 in November and identical legislation was passed by the House in December.

Bills introduced and referred to the Committee totaled 235 with 12 being reported out of the committee and 7 becoming public law as of December 19, 1985.

PUBLIC LAWS ENACTED IN THE FIRST SESSION OF THE 99TH CONGRESS

Public Law 99-4: H.R. 1251.—Mass Transportation projects for fiscal years 1984 and 1985 enacted March 13, 1985.

Public Law 99-61: H.R. 47.—Coin commemoration of the centennial of the Statue of Liberty enacted July 9, 1985.

Public Law 99-64: S. 883.—To extend the Export Administration Act of 1979 enacted July 12, 1985.

Public Law 99-86: H.J. Res. 251.—Enacted August 9, 1985. Gold medal honoring George Gershwin.

Public Law 99-120: H.J. Res. 393.—Enacted October 8, 1985. To provide for temporary extension of certain programs relating to housing and community development.

Public Law 99-156: H.J. Res. 449.—Enacted November 15, 1985. To provide for the temporary extension of certain programs relating to housing community development.

Public Law 99-185: S. 1639.—To provide for the minting of four gold bullion coins enacted December 17, 1985.

SUMMARY OF THE ACTIVITIES OF THE COMMITTEE ON THE BUDGET

The Budget Committee faced perhaps the most difficult challenges of any committee in the Senate. If we have the will to follow through on our 1985 achievements, 1985 may prove to the year that launched the final assault on our number one domestic problem: the Federal budget deficit.

As early as January, Senator Domenici began working with the leadership in establishing the budget deficit as the top priority for the 99th Congress. We introduced S. 1, which set firm deficit goals for the Congress, getting the budget deficit down to 2% of GNP by 1988. That legislative proposal laid the groundwork for the extended negotiations over the 1986 budget—including the submission of the President's budget, the development of a Senate budget, and very detailed discussions with our committee chairman about how we could achieve our budget targets.

In May of this year, by a one-vote margin the Senate agreed to a very tough—but realistic—budget that would have met our deficit goals with real spending cuts. That budget would have terminated many programs and put real restraint on entitlements, as well as restraining defense and other discretionary spending.

There is no point at this late date in lamenting the Senate budget of last spring. Many members remain disappointed that we could not reach agreement with the House and the White House on the kind of deficit-reduction plan we needed. But the Senate showed courage and determination in tackling the budget issue.

The disappointment of our first try at the budget was not the last word for 1985. In consultation with the leadership, the Senate conferees on the budget decided to go for whatever savings we could get out of the budget process. In so doing, the Senate produced the largest reconciliation bill in history. The savings in that bill were reduced by the conference agreement we passed today, but that does not diminish the magnitude of the Senate's achievement.

FOLLOWING THROUGH

We also followed through on the budget—at times with considerable difficulty, because the role of the Budget Committee necessarily generates friction with other Members—by working to ensure that the appropriations bill came in line with the budget targets we set for ourselves. The large majority of the appropriations measures we have passed have been kept within the budget targets because of the work of the Budget Committee and with the cooperation of our colleagues.

Finally, the Budget Committee played an important role in setting the stage for a major deficit reduction effort over the next 5 years. The Budget Committee gave critical advice and counsel in developing and refining the Gramm-Rudman-Hollings deficit control measure, and in working with the Finance Committee to secure agreement with our House colleagues on this important reform of the way we do our budget business.

Whatever happens from this point, it is gratifying to note that, despite the ups and downs we have seen on the budget this year, we have ended up very close to our original budget goals. The mandatory deficit targets of Gramm-Rudman-Hollings will bring us essentially to the deficit targets we set at the beginning of the year. Following through to meet those targets is the challenge of 1986.

SUMMARY OF THE ACTIVITY OF THE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION FOR THE 1ST SESSION OF THE 99TH CONGRESS

During the 1st Session of the 99th Congress a total of 139 Senate Bills and Resolutions, 4 amendments and 14 House passed measures were referred to the Committee on Commerce for consideration.

The Committee has reported 34 different measures. Ten have become public law. One bill is in conference. Ten measures have passed the Senate and await House action. Twelve bills reported out of Committee remain on the Senate Calendar awaiting Senate Consideration. Several bills reported or passed will be part of the report on Budget Reconciliation.

The Committee held 26 days of hearings on legislation referred to the Committee and 70 days of hearings were in connection with the Committee's oversight responsibilities and on Presidential nominations before the Committee.

A total of 30 nominations, excluding routine National Oceanic and Atmospheric Administration and Coast Guard nominations, were referred to the Committee in the 1st Session of the 99th Congress. Twenty-seven of these nominations were reported out of the Committee and twenty-six were confirmed by the Senate; one nomination remains pending on the Senate Calendar.

The Committee held 13 days of markup sessions to consider and report out matters within its jurisdiction.

A complete listing of the Commerce Committee's activities follows:

PUBLIC LAWS ENACTED DURING THE 1ST SESSION OF THE 99TH CONGRESS

Public law, bill, date, and title.

99-5, H.R. 1093, March 15, 1985, Pacific Salmon Treaty Act of 1985.

99-36, S. 597, May 15, 1985, Technical and Conforming Changes in the Shipping Laws.

99-45, S. 661, March 24, 1985, George Milligan Control Tower.

99-59, S. 413, July 3, 1985, War Risk Insurance Act.

99-62, H.R. 2800, July 11, 1985, Land Remote-Sensing Commercialization Act Reauthorization.

99-73, H.R. 1617, July 29, 1985, National Bureau of Standards Authorization Act for Fiscal Year 1986.

99-97, S. 818, September 26, 1985, Federal Fire Prevention and Control Act Authorization.

99-105, S. 817, September 30, 1985, National Earthquake Hazards Reduction Act Authorization.

99-159, H.R. 1210, November 22, 1985, National Science Foundation Authorization Act for Fiscal Years 1986 and 1987.

99-170, H.R. 1714, December 10, 1985, National Aeronautics and Space Administration Authorization Act, 1986.

99-171, H.R. 3235, December 10, 1985, Mississippi Technology Transfer Center Act.

BILLS IN CONFERENCE

S. 1078 (Federal Trade Commission Act Amendments of 1985)—A bill to amend the Federal Trade Commission Act to provide authorization of appropriations, and for other purposes.

PASSED SENATE AND AWAITING HOUSE ACTION

The following Commerce Committee bills have passed the Senate and are pending in the House of Representatives:

S. 63 (In-Flight Medical Emergencies Act)—A bill to encourage the rendering of in-flight emergency care aboard aircraft by requiring the placement of emergency first aid medical supplies and equipment aboard aircraft and by relieving appropriate persons of liability for the provision and use of such equipment and supplies.

S. 475 (Motor Vehicle Information and Cost Savings Act Amendments)—A bill to amend the Motor Vehicle Information and Cost Savings Act to require certain information to be filed in registering the title of motor vehicles, and for other purposes.

S. 679 (Maritime Appropriation Authorization Act for FY 1986)—A bill to authorize the appropriation of funds for certain maritime programs for fiscal year 1986.

S. 813 (Pipeline Safety Programs Authorization)—A bill to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1986 and 1987, and for other purposes.

S. 990 (National Oceanic and Atmospheric Administration Program Support Authorization Act)—A bill to consolidate and authorize program support and certain ocean and coastal programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce.

S. 1073 (Japanese Technical Literature Act of 1985)—A bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the avail-

ability of Japanese science and engineering literature in the United States, and for other purposes.

S. 1077 (Consumer product Safety Commission Authorization Act of 1985)—A bill to amend the Consumer Product Safety Act to provide authorization of appropriations for 1985.

S. 1103 (National Oceanic and Atmospheric Administration Atmospheric and Satellite Program Authorization of 1985)—A bill to authorize certain atmospheric and satellite programs and functions of the National Oceanic and Atmospheric Administration, and for other purposes.

S. 1574 (Comprehensive Smokeless Tobacco and Health Education Act of 1985)—A bill to provide for public education concerning the health consequences of using smokeless tobacco products.

H.R. 2796 (Foreign Air Travel Security Act of 1985)—A bill to improve security standards for international air transportation.

PENDING ON SENATE CALENDAR

The following Commerce Committee measures were reported out of Committee and are pending on the Senate Calendar at the end of the 1st Session of the 99th Congress:

S. 259 (Professional Sports Community Protection Act of 1985)—A bill to protect the public interest in stable relationships among communities, professional sports teams and leagues and in the successful operation of such terms in communities throughout the Nation, and for other purposes.

S. 374 (U.S. Travel and Tourism Administration Authorization)—A bill to provide authorization of appropriations for the U.S. Travel and Tourism Administration.

S. 638 (Conrail Sale Amendments Act of 1985)—A bill to amend the Regional Rail Reorganization Act of 1973 to provide for the transfer of ownership of the Consolidated Rail Corporation to the private sector, and other purposes.

S. 863 (National Highway Traffic Safety Administration Authorization Act of 1985)—A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1986 and 1987, and for other purposes.

S. 958 (Magnuson Fishery Conservation and Management Act Reauthorization)—A bill to provide authorization of appropriations for activities under the Magnuson Fishery Conservation and Management Act.

S. 959 (Coastal Zone Management Act Reauthorization)—A bill to amend the Coastal Zone Management Act of 1972 to provide authorization of appropriations, and for other purposes.

S. 999 (Federal Communications Commission Authorization Act of 1985)—A bill to amend the Communications Act of 1934 to provide authorization of appropriations for the Federal Communications Commission, and for other purposes.

S. 1017 (Metropolitan Washington Airports Transfer Act of 1985)—A bill to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority.

S. 1079 (National Telecommunications and Information Administration Authorization)—A bill to provide authorization of appropriations for activities of the National Telecommunications and Information Administration.

S. 1084 (Corporation for Public Broadcasting Authorization Act of 1985)—A bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 1097 (Methanol and Ethanol Vehicle Incentives Act of 1985)—A bill to amend the Motor Vehicle Information and Cost Savings Act to provide for the appropriate treatment of methanol.

S. 1218 (International Air Transportation Protection Act of 1985)—A bill to amend the Federal Aviation Act of 1958 to provide for the revocation of certain certificates for air transportation, and for other purposes.

COMMITTEE HEARINGS

Full committee (also includes National Ocean Policy Study [NOPS])

S. 259, S. 287—Professional Sports Community Protection Act of 1985 (S. Hrg. 99-36).

S. 516—Pacific Salmon Treaty Act of 1985 (S. Hrg. 99-25).

S. 959—Coastal Zone Management Act Reauthorization and S. 990—National Oceanic and Atmospheric Administration Program Support Authorization Act (S. Hrg. 99-173).

S. Res. 178, S. 1097—Auto Fuel Economy and Methanol Fueled Vehicles.

S. 1097, S. Res. 178—Methanol Fueled Vehicles and Automobile Fuel Economy Standards.

S. 1312—Federal Communications Commission Network Acquisition Approval Act of 1985 (S. Hrg. 99-292).

S. 747, S. 1245, Amendment No. 529 to S. 1245, S. 1386—Magnuson Fisheries Conservation and Management Act.

S. 1310—Clean Campaign Act of 1985.

Oversight hearing on the use of pelagic driftnets by Japanese, Korean and Taiwanese fisherman in the North Pacific Ocean and their adverse impacts on fish, seabirds and marine mammals.

Oversight hearings on the problem of escalating costs for insurance for commercial fishing vessels.

Aviation

S. 586—International Air Route Certificates (S. Hrg. 99-200).

S. 1218—International Air Transportation Protection Act of 1985 (S. Hrg. 99-192).

S. 1321, S. 1326, S. 1343, H.R. 2796—Anti-Hijacking and Airport Security.

S. 1017, S. 1110—Transfer of National and Dulles Airports.

Oversight hearing on airline computer reservation systems (CRS).

Oversight hearing on international airport security and terrorism.

Oversight hearing on aviation safety, and the Federal Aviation Administration's (FAA) efforts to improve it.

Oversight hearing on safety issues in the regional airline industry.

Oversight hearing on aviation labor issues.

Business, Trade, and Tourism

S. 193, S. 374—U.S. Travel and Tourism Administration Authorization (S. Hrg. 99-95).

Oversight hearing on the promotion of domestic tourism.

Oversight hearing to examine the availability and affordability of insurance in various property and casualty lines.

Communications

Oversight hearing on the issue of explicit rock music and proposals that sound recordings be rated or labeled to inform consumers of potentially objectionable content.

The Communications and Science Subcommittees held a joint oversight hearing on the results of the first of two World Administrative Radio Conferences on use of the geostationary satellite orbit for radio communications.

Consumer

On March 21, 1985, the Subcommittee on Consumer held a hearing on S. 100, the Product Liability Act. A motion to report this measure was defeated at a Commerce Committee executive session on May 16, 1985, by a vote of 8-8. On June 18 and June 25, 1985, the Subcommittee on Consumer held hearings on amendments to S. 100 that had been introduced by Senator Dodd and Senator Gorton. Subsequently, at the direction of the Chairman of the Commerce Committee, Senator Danforth, the Subcommittee staff prepared a working draft of product liability reform legislation. This staff draft was released for public comment on July 15, 1985. After review of the comments received from the public, a second staff working draft was released for comment on November 27, 1985.

Merchant Marine

S. 679—Maritime Administration Authorization and FMC Authorization and S. 102—Construction of Differential Subsidy Authorization. (S. Hrg. 99-80).

S. 664—Competitiveness of U.S. Agricultural Exports (S. Hrg. 99-269).

S. 1461—Documentation of Certain U.S.-flag Vessels Act.

S. 1832. S. 1833—Establishment of Merchant Ship Revolving Fund Act.

Science, Technology and Space

S. 240. S. 1433. H.R. 2095—Extension of Daylight Saving Time.

The oversight hearings on the effect of new technologies on economic competitiveness.

Oversight hearing on the earthquake in Mexico and its implications for our domestic Earthquake Hazards Reduction Program.

Oversight hearing on the state of the satellite insurance industry.

Oversight hearing on the commercialization of the Landsat earth remote sensing system.

Surface Transportation

Three oversight hearings on trucking deregulation.

Oversight hearing on Motor Carrier Safety Act of 1984.

Two oversight hearings on the Staggers Rail Act.

SUMMARY OF THE ACTIVITIES OF THE COMMITTEE ON ENERGY AND NATURAL RESOURCES DURING THE FIRST SESSION OF THE 99TH CONGRESS

(James A. McClure, Chairman)

During the 1st Session of the 99th Congress a total of 177 bills and resolutions were referred for consideration to the Senate Committee on Energy and Natural Resources (129 Senate bills, 3 Senate Resolutions, 19 Senate Joint Resolutions, 29 House bills, and 6 House Joint Resolutions). Three over bills and resolutions under the Committee's jurisdiction were considered and passed by the Senate without Committee referral. The Committee reported a total of 21 measures to the Senate. An additional measure has been ordered reported by Committee, but no written report has been filed to date.

The Committee held 64 days of public hearings (including 9 field hearings) during the 1st Session of the 99th Congress. These hearings encompassed 33 days of oversight

hearings, 19 days of legislative hearings, and 12 days of hearings on nominations. The Committee also held 24 business meetings and one conference.

Twenty-two measures within the Committee's jurisdiction passed the Senate, and of these, the Congress enacted five public laws. In addition, there are six measures awaiting the President's signature. Some five other measures reported by the Committee were pending on the Senate Calendar.

Measures enacted into law

Public Law 99-24 (S. 781) Amends the Biomass Energy and Alcohol Fuels Act of 1980 to extend through September 30, 1985, all conditional commitments for loan guarantees which were in existence on September 30, 1984

Public law 99-58 (H.R. 1699) Energy Policy and Conservation Amendments Act of 1985

Public Law 99-68 (H.R. 1373) Designates the Wilderness in the Point Reyes National Seashore in California as the Phillip Burton Wilderness

Public Law 99-96 (S. 444) Alaska Native Claims Settlement Act Amendment

Public Law 99-110 (H.J. Res. 299) Recognizing the accomplishments over the past 50 years resulting from the passage of the Historic Sites Act of 1935

Nominations

During the 1st Session of the 99th Congress, 26 nominations were submitted by President Reagan and referred to the Committee. Of these, 21 were reported favorably by the full Committee, and 22 were confirmed by the Senate.

Presidential messages

Fifteen Presidential messages were transmited to the Committee during the 1st Session of the 99th Congress dealing with a variety of subjects within the Committee's jurisdiction.

Executive communications

The Committee received a total of 195 Executive communications transmitting legislative recommendations and relating to the Committee's oversight responsibilities.

Reports and publications

During the 1st Session of the 99th Congress the full Committee filed 21 Senate Reports on measures reported by the Committee.

The Committee also published 23 hearing records. Five of these dealt with Presidential appointees, and the remaining 18 publications provided background material pertinent to the Committee's legislative activities and oversight responsibilities.

In addition, the Committee published one committee print dealing with the Committee's rules, membership and jurisdiction.

OVERSIGHT ACTIVITIES

During the 1st Session of the 99th Congress, the Committee on Energy and Natural Resources conducted 33 days of oversight hearings on a variety of issues pertinent to the jurisdiction of the Committee.

Budget oversight

The full Committee conducted three days of hearings on the President's proposed budgets for the Departments of the Interior and Energy, the Synthetic Fuels Corporation, the U.S. Forest Service, and the Federal Energy Regulatory Commission for fiscal year 1986. In addition, the Subcommittee on Energy Research and Development conducted five days of hearings on the Department of Energy Research and Development Programs. Following this review of the proposed budgets, the Committee filed its report to the Senate Budget Committee. The report set forth the anticipated legislative program of the Committee for the First Session of the 99th Congress and reflected the Committee's concern regarding the Budget Committee's assignment of committee jurisdiction, specifically over activities, including construction, on the national forest system lands created from the public domain.

On September 26, 1985, the Committee, in accordance with S. Con Res. 32, the First Budget Resolution for Fiscal Year 1986, reported the legislative recommendations necessary to comply with its reconciliation instructions. The savings exceeded the Committee's targets in its reconciliation instruction for fiscal year 1986 by $575 million in budget authority and $516 million in outlays. In addition, the savings exceeded the targets for the aggregate 3-year period of fiscal years 1986 to 1989 by $550 million in budget authority and $476 million in outlays.

The recommendations of the Committee were consistent with the assumptions in the Budget Resolution in two areas. First, the Committee suggested achieved savings in DOE's Strategic Petroleum Reserve program by reducing the minimum average annual fill-rate from 159,000 to 35,000 barrels per day. Second, the recommendations of the Committee included legislation to settle the legal dispute between the Federal Government and several States regarding the disposition of escrowed revenues from the 8(g) zone of the Outer Continental Shelf. In the midst of considering this legislative proposal, the Committee scheduled a hearing to receive testimony regarding this 8(g) issue. Secretary of the Interior Donald P. Hodel and Governor Mark White of Texas appeared. As assumed in its reconciliation instruction, the recommendation of the Committee distributed 27 percent of such bonuses and rents to the affected States as well as interest accrued thereon. The Committee recommendation also included the disposition of other OCS revenues in dispute, specifically, royalties, both retrospectively and prospectively.

In addition, the recommendations of the Committee achieved savings in budget authority and outlays in two areas not assumed in its reconciliation instruction. First, the Committee suggested an authorization for the Department of Energy's uranium enrichment program, requiring the program to operate at no addition cost to the Treasury. Second, the Committee achieved savings in the DOE energy conservation programs by authorizing Federal agencies to enter into certain contracts for energy efficiency improvements in Federal buildings. Under such contracts the contractors will be paid from money saved as a result of the energy efficiency improvements installed in Federal buildings. The Committee recommendations also imposed a limitation on certain Energy Regulatory Commission rulemaking; however, the provision was removed by amendment on the Senate floor. A provision tending the loan guarantee authority for Biomass Energy projects set forth in section 221 of the Biomass Energy and Alcohol Fuels Act of 1980 was added as an amendment on the Senate floor.

The Committee did not report a legislative proposal regarding FERC fees and annual charges as assumed in its reconciliation instruction. We were able to achieve the instructed savings without need for such legislation.

In conference on the reconciliation measure, the Senate receded to a House provision terminating the United States Synthetic Fuels Corporation. The conference agreement provides for (1) termination of the authority of the SFC to award financial assistance as of the date of enactment; (2) termination of the Board of Directors of the SFC within 60 days after enactment of this Act; and (3) transfer within 120 days of enactment of this Act, the duties and responsibilities of the SFC to the Secretary of the Treasury in accordance with subtitle J of title I of the Energy Security Act.

Archeological and paleontological sites

The Subcommittee on Public Lands, Reserved Water and Resource Conservation held a field hearing (1 day) in Albuquerque, New Mexico on the Preservation of Archeological and Paleontological Sites and Objects.

Coal imports

The Committee held a hearing on the impact of coal imports on the domestic coal industry. The hearing was precipitated by the signing of contracts with Columbia for 500,000 tons of coal per year for power generation. The threat was perceived to be twofold—displacement of domestic coal production by imports, and the direct loss of employment attributable to imports. The Committee examined the public policy implications of additional coal imports, including trade policy, energy policy, employment policy and transportation policy.

DOE's Nuclear Mission Plan

The Subcommittee on Energy Research and Development held a hearing (1 day) on DOE's Mission Plan for the Civilian Radioactive Waste Management Program. The "Mission Plan" is a comprehensive report which shall provide sufficient information to permit decisions to be made in carrying out the repository program for acceptance of nuclear waste by January 1998. As a result of this hearing, a number of questions garnered from the testimony have been submitted to the DOE. It is expected that the answers will provide the department and Congress with the necessary information to insure that the plan addresses all the concerns of those parties most affected. The GAO has also been requested to identify early on weaknesses in the program and to address communications between the states and the federal government.

IMPACT OF IMPORTED PETROLEUM PRODUCTS ON THE DOMESTIC PETROLEUM INDUSTRY

The Subcommittee addressed concerns by major oil companies and independents alike that imports of petroleum products—gasoline in particular—are adversely affecting the domestic refining industry and U.S. energy security. These concerns are based on the fact that more than 100 U.S. refineries with a capacity of 2.5 million barrels per day have shut down since 1981, and many others are now idle or running at partial capacity.

The hearing addressed (a) trends in U.S. refining capacity; (b) what types of refineries are closing—old and inefficient, or new, efficient refineries; (c) do these closings provide us with any indication as to what we may expect in the future; (d) at what point will a decline of U.S. refinery capacity have material impact on our energy security; (e) trends in foreign refining capacity, and how much of this is for exports; (f) impact of foreign experts capacity on U.S. refiners; (g) are foreign countries subsidizing petroleum product exports; and (h) what, if anything,

should be done to assure the United States an adequate amount of refining capacity, and what would be the costs and benefits of such action.

NATIONAL PARK SERVICE

The Subcommittee on Public Lands, Reserved Water and Resource Conservation held a hearing (1 day) which focused on issues affecting the National Park Service.

First, the Conservation Foundation, a nonprofit environmental research organization, issued a major report on National Parks. Second, a new Director of the National Park Service was appointed in June of 1985 and upon his taking office issued a "12-point plan" for the future of the system. Third, after a legislative impasse with the House over "Park Protection" legislation, the Department of the Interior made a series of recommendations on June 21, 1985, to address the issue of managing lands adjacent to limits of the National Park Service. And fourth, the President's Commission on Outdoor America was expected to be appointed. This commission has the opportunity to use the proceedings of the Subcommittee hearings as a tool in compiling their report where it applies to the National Park Service.

OCS leasing and revenue sharing

The Committee conducted two days of oversight hearings related to Outer Continental Shelf oil and gas leasing. One day was dedicated to leasing moratoria and one to the division of revenues from the Section 8(g) the zone. On leasing, for the past four years, the Department of the Interior has been forbidden from leasing OCS tracts off the California coast by a Congressionally mandated moratoria. The hearing was to discover whether such an agreement was in the national interest. On revenue sharing, under Section 8(g) of the OCSLAA of 1978 states were to receive a "fair and equitable" share of revenues derived from OCS leasing in a zone extending from the boundary of state submerged lands extending three miles into federal submerged lands. The hearing solicited testimony on the Committee-proposed distribution formula.

Office of Surface Mining permit fees

One day of hearings was dedicated to examining the effects of proposed permit fees by the Office of Surface Mining on the domestic coal industry. The Committee reviewed the coal industry's contention that these additional costs would only exacerbate the problems of the already depressed coal market and whether such a charge has public policy implications beyond the collection of fees.

Recreation fees

The Subcommittee on Public Lands, Reserved Water and Resource Conservation held a hearing (1 day) on Recreation fees as authorized in the Land and Water Conservation Fund Act of 1965, as amended. The purpose of the hearing was to provide an opportunity to examine the matter of increasing the money received by the Federal Government and its park, forest, reservoir and public land areas used for recreation purposes. Because budget recommendations submitted to the Congress this year placed heavy reliance upon the increase of existing fees and the imposition of new fees upon recreation users as a means of generating additional income, the hearing would serve to prepare Congress to deal with an Administrative legislative proposal to implement these budget recommendations, should it be forthcoming.

Stockpile "modernization"

The Full Committee held a hearing (1 day) on the President's July 8 National Defense Stockpile "Moderization" Proposal and its Potential Impact on the Domestic Mining Industry. Chairman McClure addressed two concerns regarding the proposal: (1) The stockpile goals in the President's Tier I which purportedly consists of those materials that would be required during a protracted military conflict, and (2) The reationale behind creating a "Supplemental Reserve" on Tier II.

Water supply in mid-Atlantic region

The Committee held three days of hearings on water supply issues in the mid-Atlantic states; one in Washington and two field hearings in New Jersey. The three major foci: were water availability, water quality and institutional and management issues in each of the States. The hearings were precipitated by the serious drought conditions in the Delaware basin and efforts to mitigate its effects.

SUMMARY OF THE ACTIVITIES OF THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS DURING THE FIRST SESSION OF THE 99TH CONGRESS

During the first session of the 99th Congress, the Committee on Environment and Public Works reported a total of twenty-four bills to the Senate, including major legislative initiatives in both the areas of environment and public works. The Committee also reported eleven nominations and conducted 20 days of oversight hearings, including four days of budget hearings on those programs which fall within the jurisdiction of the Committee.

The Committee focused particular attention on several environmental programs. On March 18 the Committee reported the "Superfund Improvement Act of 1985," which was passed by the Senate on October 1. Major legislation amending the Clean Water Act (S. 1128) and the Safe Drinking Water Act (S. 1241) were also reported and were passed by the Senate.

Legislation providing authorizations for programs under the Disaster Relief Act, the John F. Kennedy Center Act, and for the Public Buildings Service of the General Services Administration were reported and were passed by the Senate.

In the area of nuclear regulation, the Committee reported, and the Senate passed, authorizations for the Nuclear Regulatory Commission and Legislation for the disposal of low-level nuclear waste.

The Committee also reported an omnibus water resources development bill (S. 1567) and legislation providing funding for the nation's system of interstate highways.

During the year, the Subcommittee on Regional and Community Development held oversight hearings to review the programs and policies of the Tennessee Valley Authority. The Toxic Substances and Environmental Oversight Subcommittee conducted five days of oversight hearings on ground-water problems in the United States. The Committee also conducted field hearings on acid rain, exposure to radon gas, endangered species, and highways.

At the end of the first session the Senate had passed a total of 14 of the bills reported by the Committee. It is expected that in the second session the Committee will continue to direct its attention toward completion of much of the work commenced in the first session.

SUMMARY OF ACTIVITIES OF THE FINANCE COMMITTEE DURING THE FIRST SESSION OF THE 99TH CONGRESS

From January through December, 1985 was, indeed, a year of great activity and landmark legislation for the Senate Committee on Finance.

The Committee on Finance played a major role in House Joint Resolution 372, or the Gramm-Rudman-Hollings amendment, as we have come to describe that truly historic piece of legislation.

Just last year, the Committee was called on four occasions to report out legislation increasing the public debt.

This year, though, when the time came for the lid to be lifted once more, the Committee on Finance found itself squarely in the middle of the Gramm-Rudman-Hollings amendment, or the Balanced Budget and Emergency Deficit Control Act of 1985, as it is more properly called.

And, it ws no small role in the legislative process attendant to that bill that Senator Packwood, the Chairman of the Committee, and Senator Long, the Ranking Minority Member of the Committee, as well as its other Members, played in forging the law of the land signed just last week by the President.

Furthermore, as this final week of the first session of the 99th Congress came and went, it was again the Committee on Finance which was solidly in the midst of the business of this body, laboring long and hard to complete its conference on the Deficit Reduction Amendments of 1985.

In support of efforts to reduce the deficit as required by the reconciliation instructions of the Congressional Budget Resolution, the Committee's contribution included 19 savings and 18 revenue raising provisions. Those actions touched nearly every program under the jurisdiction of the Committee on Finance.

Additionally, the Committee provided for needed program reforms by adopting more than 70 other provisions under the reconciliation act.

Consequently, the Committee was able to meet its deficit reduction target of $37.9 billion over three years, covering Fiscal Years 1986 through 1988.

The Committee's effort provided more than 50 percent of the deficit reductions sought by the reconciliation instructions.

Beyond its work in the deficit reduction and budget areas, the Committee shepherded six significant pieces of legislation through the process into public law.

Those bills included: H.R. 2475, a bill to amend the Internal Revenue Code of 1954 to simplify the imputed interest rules of Section 1274 and 483 of the Internal Revenue Code; Senate Concurrent Resolution 15, relating to United States-Japan trade; Senate Joint Resolution 77, the Compact of Free Association, extending certain benefits to the Marshall Islands and Micronesia; H.R. 1866, a bill to phase out the Federal Supplement Compensation Program; H.R. 1869, a bill to repeal the contemporaneous recordkeeping requirements added by the Tax Reform Act of 1984; and H.R. 2268, the U.S.-Israel Free Trade Area Implementation Act of 1985.

In this legislative 12-months, the Committee continued its work on health care financing issues which directly affect over 30 million of our fellow Americans.

While the majority of the Committee's time was devoted to budget-related concerns, the Committee also exercised its over-

sight prerogative on programs within its purview.

The Subcommittee on Health conducted eight hearings, addressing a wide range of health policy questions. These included: Medicare payments for Graduate Medical Education, Medicare payments for hospitals serving a disproportionate share of poor and elderly patient, the status of Peer Review Organizations, health promotion and disease prevention, patient abuse and anti-fraud legislation, expansion of Medicare beneficiary appeal rights, capital payment reform, and options for Medicare physician payment reform.

Beyond the activities of the Subcommittee on Health, the full Committee on Finance conducted two hearings to examine health policy concerns. The first of those dealt with third-party liability for Medicaid recipients and the second examined Medicare's skilled nursing facility (SNF) benefit.

One the tax front, the Committee on Finance conducted 33 hearings in preparation for its markup of the long-awaited tax reform bill from the other body. The distinguished Senator from Oregon, Mr. Packwood, personally chaired all of these hearings. Between May 9 and October 10, over 350 witnesses from virtually every state in the Union and every segment of society came to air their views on the proposed changes in our tax code.

In addition to the previously-mentioned tax bills which have become law after clearing the Committee on Finance, the panel also wrote the revenue component of S. 51, a bill to extend the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or Superfund.

While 1985 certainly was not a slow year in the tax area for the Committee on Finance, it is a fair understatement to suggest 1986 will be the year of tax for the 20 Members on that panel.

In the area of income maintenance and Social Security, the Committee on Finance conducted two hearings, one reviewing foster care and adoption assistance, and the other reviewing the disinvestment of securities held by the Social Security Trust Funds.

Confronted with the specter of our runaway trade deficit, the Committee on Finance and its Subcommittee on International Trade conducted several rounds of key hearings and reported out two important trade bills, S. 1404 and S. 942. S. 942 promotes the expansion of international trade in telecommunications equipment and services while S. 1404 requires the President to respond to the unfair trade practices of Japan.

The Committee's trade hearings included those on the report of the President's Commission on Industrial Competitiveness, the role of floating exchange rates in the international trading system and on U.S. trade policy toward fair and unfair trade.

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON FOREIGN RELATIONS DURING THE SESSION OF THE 99TH CONGRESS

The Committee began its first session of the 99th Congress with a series of hearings devoted to "Outlines of American Foreign Policy" which provided a comprehensive review and analysis of foreign policy goals, limitations and opportunities for the United States.

The Committee reported out a comprehensive International Security and Development Cooperation Act in May 1985; this legislation was enacted on August 8, 1985 and is the first such authorization bill for foreign assistance in four years.

On regional issues, the Committee and sub-committees held extensive hearings on Central America, particularly on a supplemental authorization to combat terrorism within the region. It held numerous hearings and received several briefings by the administration on Middle East arms sales and the role of arms transfers in promoting stability in this volatile region. Several hearings were also held on the Philippines on the difficult political, economic and security problems it faces. Several hearings preceded passage of legislation defining U.S. economic relations with South Africa.

In the arms control area, the Committee conducted hearings on U.S. nuclear strategy, the Geneva Summit and on the nuclear agreement with the People's Republic of China.

The Committee and subcommittee also held hearings on a range of subjects pertaining to U.S. trade, regional turmoil, financing of foreign military sales, international narcotics, embassy security, international terrorism, African famine relief and many other international issues.

The following is a summary of the Committee's workload during the last session:

BILLS AND JOINT RESOLUTIONS: REPORTED

S. 457: Sub-Saharan assistance.

S. 684: International Bank for Reconstruction & Development, International Finance Corporation and African Development Fund.

S. 947: Overseas Private Investment Corporation.

S. 960: Amending Foreign Assistance Act.

S. 998: Sanctions against South Africa.

S. 995: Opposition to apartheid in South Africa.

S. 1003: State Department, USIA, BIB, National Endowment for Democracy authorization.

S. 1132: Supplemental appropriations for FY '85 and authorizing appropriations for '86 & '87 for ACDA.

S. 1166: Claims against Iran.

S. 1308: Economic assistance for Jordan.

S. 1831: Congressional vetoes of arms export proposals.

S. 1915: Counterterrorism assistance.

S.J. Res. 98: Condemning U.N. Resolution 3379.

S.J. Res. 161: Release of Soviet Jewery.

S.J. Res. 177: International Space Year in 1992.

S.J. Res. 277: Commending Switzerland.

S.J. Res. 238: Nuclear Cooperation Agreement with China.

S.J. Res. 240: Soviet invasion and occupation of Afghanistan.

CONCURRENT RESOLUTIONS AND SIMPLE RESOLUTIONS: REPORTED

S. Con. Res. 46: Americans missing in Southeast Asia.

S. Con. Res. 76: Rights of Polish People.

S. Con. Res. 82: Support for Chile's National Accord.

S. Con. Res. 87: Restoration of democracy in Philippines.

S. Con. Res. 93: Commending Ireland & U.K. regarding peaceful resolution.

S. Res. 68: Congratulating people of Cyprus.

S. Res. 73: Waiving section 402(a) of Congressional Budget Act.

S. Res. 80: Authorizing expenditures by Committee on Foreign Relations.

S. Res. 158: Authorizing printing.

S. Res. 161: Waiving section of Congressional Budget Act.

S. Res. 185: Emigration from Cuba.

S. Res. 227: Worldwide disease immunization.

S. Res. 237: American concerns with Soviet presence in Afghanistan.

S. Res. 244: Authorizing printing.

S. Res. 268: Waiving section of Congressional Budget Act.

S. Res. 271: Regarding assistance to Liberia.

(As of December 18, 1985)

Treaties: Reported and approved (6):

Protocols for further extension of International Wheat Agreement.

Tax Convention with Italy.

Tax Convention with Cyprus.

Treaty with Canada concerning Pacific salmon.

International Telecommunication Convention and Final Protocol.

Treaties: Reported—not approved (4):

Genocide Convention.

Tax Convention with Denmark.

Protocol to amend 1980 Tax Convention with Denmark.

Tax Agreement with People's Republic of China.

NOMINATIONS

Referred	117
Reported/confirmed	102
Withdrawn by President	1
Representatives to conferences:	
Referred	14
Confirmed	14
Foreign Service promotions:	
Preferred	[1] 1342
Confirmed	[2] 1341

[1] Includes 1 nomination for Career Ambassador.

[2] Foreign Service nomination of Edwin G. Corr, received by the Senate on October 28, 1985 as part of list of Bremer et al, expected when overall list was confirmed on December 18, 1985. Therefore, Corr nomination is still pending before the Senate.

SUMMARY OF ACTIVITIES OF THE GOVERNMENTAL AFFAIRS COMMITTEE DURING THE FIRST SESSION OF THE 99TH CONGRESS

In the first session of the 99th Congress, the Senate Governmental Affairs Committee pursued numerous legislative and oversight activities in a broad range of areas. The Committee focused its attention on new aspects of familiar topics such as government management and defense, and initiated new activities on such subjects as the recommendations of the Grace Commission. The first session of the 99th Congress also saw the Governmental Affairs Committee at the forefront of a successful effort to craft a new supplemental retirement plan for federal workers hired after January 1, 1984.

LEGISLATIVE ACTIVITIES

Federal retirement reform

The "Federal Retirement Reform Act of 1985" began as S. 1527, introduced on July 30 by Chairman Roth and Senator Stevens. The bill establishes a comprehensive retirement plan, in conjunction with social security, to cover all federal workers hired after January 1, 1984. In a strong bipartisan effort, S. 1527 was unanimously reported by the Governmental Affairs Committee on October 2, 1985. Upon consideration by the full Senate, H.R. 2627 was reported in lieu of S. 1527 and subsequently passed by a vote of 96–1 on November 7, 1985. At the close of the first session of the 99th Congress, H.R. 2672 is currently in conference committee awaiting further action.

Benefits to former Presidents

S. 1047 was introduced by Senators Roth and Chiles on May 1, 1985. This legislation,

in three parts, provided for reductions in office and staff allowances and Secret Service protection afforded to former Chief Executives. It also established limits and guidelines pertaining to the size and maintenance of all future Presidential libraries. On October 2, the Presidential libraries section was reported, with H.R. 1349 inserted in lieu of the Senate bill. The remaining two sections of S. 1047 were ordered reported by the Committee on November 19, 1985.

Program fraud civil remedies

S. 1134, the "Program Fraud Civil Remedies Act," is the latest version of legislation which was first initiated by the Governmental Affairs Committee in 1981. The bill provides executive branch agencies with the means to independently pursue settlement in cases of false claims and statements entered against the government. S. 1134 allows agencies to utilize administrative law judges for the purpose of regaining revenues lost through false claims, and provides stiff monetary penalties for those found guilty of perpetrating such claims and statements. S. 1134 was introduced by Senators Roth and Cohen on May 15. The Committee favorably reported the bill on December 10, 1985.

Federal employees health benefits refunds

H.R. 3384, a bill to include federal retirees in the group of individuals eligible for refunds under the Federal Employees Health Benefits Program (FEHBP), was referred to the Governmental Affairs Committee on October 1, 1985. The Committee reported this measure on December 6, and the Senate passed it on December 19.

Federal flexitime schedules

H.R. 1534 was referred to the Governmental Affairs Committee on May 22, 1985. This measure converts the temporary authority to allow federal employees to work on flexible or compressed work schedules to permanent authority. On July 11, the Committee reported H.R. 1534, and the bill passed the Senate on December 11, 1985.

OTHER REFORM MEASURES

Budget reconciliation

In its budget reconciliation activities during the first session of the 99th Congress, the Governmental Affairs Committee was mandated to derive $12.6 billion in savings over the next three fiscal years. When the Committee reported its recommendations on October 2, the total savings in the Committee package totaled $13.2 billion over three years. The major areas from which these savings were achieved included a federal employee pay freeze for fiscal year 1986 and reforms in the postal subsidies program. The Committee also reported recommendations for improvements in civilian contracting practices through multi-year contract agreements. After the conference agreement, the total savings from the Committee's budget reconciliation activities was $12.5 billion over the next three fiscal years.

NOMINATIONS

The Committee received a total of 25 nominations during the first session of the 99th Congress, of which 22 were confirmed by the Senate. They are as follows:

Julius Becton, Director of the Federal Emergency Management Agency.

Jerry Lee Calhoun, member of the Federal Labor Relations Authority.

Terence C. Golden, Administrator of the General Services Administration.

John N. Griesemer, Governor of the U.S. Postal Service.

Constance J. Horner, Director of the Office of Personnel Management.

James P. McNeill, Associate Director of the Federal Emergency Management Agency.

Barbara Jean Mahone, Chairman of the Special Panel on Appeals.

James C. Miller III, Director of the Office of Management and Budget.

John M. Steadman, Associate Judge, District of Columbia Court of Appeals.

Associate Judges of the Superior Court of the District of Columbia; Harold L. Cushenberry, Jr., Herbert B. Dixon, Richard A. Levie, Curtis E. Von Kann, Michael L. Rankin.

Commissioners of the Postal Rate Commission: Henrietta F. Guiton, Patti Birge Tyson.

Inspectors General: Paul A. Adams, Department of Housing and Urban Development; William R. Barton, General Services Administration; Bill D. Colvin, National Aeronautics and Space Administration; James L. Richards, Department of Energy.

Members of the Board of Governors of the U.S. Postal Service: J.H. Tyler McConnell, Robert Setrakian.

OVERSIGHT ACTIVITIES

The Committee undertook a variety of oversight activities during the first session of the 99th Congress. These included hearings on the recommendations of the Grace Commission, federal retirement reform, infant mortality, non-smokers' rights, and continuing investigations into the deglamorization of drugs and the effect on our nation's youth, money laundering, and U.S. involvement in the United Nations.

CONCLUSION

The Governmental Affairs Committee experienced a slight shift in the emphasis of its activities during the first session of the 99th Congress, with the focus on executive branch nominations and more first-time investigations. During the second session of this Congress, the Committee will continue its efforts in these areas, but it also plans to step up its activities in other oversight areas such as defense, waste and fraud, and management improvement.

SUMMARY OF ACTIVITIES OF THE SELECT COMMITTEE ON INDIAN AFFAIRS DURING THE 1ST SESSION OF THE 99TH CONGRESS

In the first session of the 99th Congress 19 bills were referred to the Select Committee on Indian Affairs; 7 Executive Communications were received; and one Presidential nominee was referred. Bills before the Committee included legislation to extend the Indian Health Care Improvement Act of 1976; two bills to amend existing legislation relating to educational programs operated by the Bureau of Indian Affairs; a bill to regulate gaming activities within Indian reservations; a bill to decommercialize and regulate the fishing of steelhead trout; a bill to extablish a program for the detection and prevention of alcohol and drug abuse among Indian youth; a bill to resolve clouds on title to certain lands on the White Earth Indian Reservation in the State of Minnesota; a bill to provide for settlement of water claims of tribes on the Truckee, Carson and Walker Rivers in the State of Nevada; and legislation to provide for the use and distribution of judgment funds awarded various Indian tribes in the States of Minnesota, Wisconsin, and Michigan.

Of the 19 bills referred to the Select Committee on Indian Affairs, 11 were reported out of Committee and 9 favorably acted upon by the Senate. Two bills, one amending the Indian Education Act of 1965 and the other providing for the use and distribution of judgment funds awarded the Mdewakanton and Wahpekute Eastern or Mississippi Sioux, have been signed into law. The nomination of Ross O. Swimmer to be Assistant Secretary of Indian Affairs was reported by the Committee and he was confirmed by the Senate by unanimous consent.

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON THE JUDICIARY DURING THE 1ST SESSION OF THE 99TH CONGRESS

During the 1st Session of the 99th Congress, reflecting the wide variety of subjects within its jurisdiction, the Committee on the Judiciary considered, deliberated, and acted upon an impressive array of matters.

Fifty-seven hearings were conducted by the full Committee and Subcommittees on legislation. In addition, 47 oversight hearings were held. The Committee met in Executive Session on 28 occasions, reporting to the Senate 149 of the Senate and House bills and resolutions which had been referred to it.

Again in the 99th Congress, the Committee reported, and the Senate passed by a vote of 69 to 30, the Immigration Reform and Control Act, S. 1200. Still central to the bill are employer sanctions against those who knowingly hire illegal aliens and a legalization program for certain illegal aliens who can demonstrate they have resided in the United States continuously prior to January 1, 1980. S. 1200 contains no change in the existing legal immigration system, nor does it deal with immigration asylum procedures. In addition, S. 1200 contains a temporary seasonal worker provision based on the compromise reached by the conference committee in the 99th Congress. The Committee also favorably reported S. 1262, the Refugee Assistance Extension Act of 1985.

In recognition of the problems facing the Nation with regard to the budget deficit, as in the last two Congresses, the Committee reported "balanced budget" constitutional amendment legislation. The two measures reported in this Congress are S.J. Res. 13 and S.J. Res. 225, both of which are pending on the Senate calendar.

Another social issue dealt with by the Committee was school prayer. On October 29th, the Committee reported S.J. Res. 2, proposing an amendment to the Constitution of the United States relating to voluntary silent prayer or reflection, to the full Senate. That measure is also pending on the Senate calendar.

Pursuant to the Low-Level Radioactive Waste Policy Act of 1980, seven regional compacts (Southeast, S. 44; Northwest, S. 356; Rocky Mountain, S. 442; Central Interstate, S. 655; Central Midwest, S. 802; Midwest, S. 899; and Northeast, S. 1798) were introduced in the 99th Congress. The full Committee held a hearing on three of these measures in March. All seven were reported to the Senate. Since the cut-off date contained in the 1980 Policy is near, these measures were part of a substitute amendment offered to H.R. 1083 and sent back to the House for approval.

In the area of criminal law, the Committee reported S. 104, to regulate the manufacture and importation of armor-piercing bullets; S. 1437, the "designer drug" bill; S. 850, the "intoxicated common carrier" bill; and H.R. 3511, the Bank Bribery Amendments Act of 1985. Both S. 1437 and S. 850 have passed the Senate by unanimous consent. In addition, the Committee has or-

dered reported S. 1236, which would make technical amendments to provisions of the Comprehensive Crime Control Act of 1984. That measure will be reported to the Senate during the 2nd Session of this Congress.

Due to the increase in the number of hijackings and terrorism conducted against Americans abroad, the Committee participated in three days of hearings held jointly with the Committee on Foreign Relations on international terrorism. In addition to the hearings, the Committee reported S. 274, the Nuclear Power Plant Security and Anti-terrorism Act of 1985, and has ordered reported S. 1429, the Terrorist Prosecution Act of 1985.

In the area of juvenile issues, the Committee reported S. 1174, to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide States with assistance to establish or expand clearinghouses to locate missing children, and S. 1818, to prevent sexual molestation of children in Indian country. Both of these measures have passed the Senate.

The patent, copyright, and trademark areas were addressed by the Committee with the reporting of S. 1002, to amend the Lanham Act to improve provisions relating to concurrent registrations, and S. 1230, to amend the patent laws implementing the Patent Cooperation Treaty.

Holding hearings concerning several antitrust issues, including the sale of Conrail, the vertical restraint guidelines of the Justice Department, and treble damage liability, the Committee has approved for reporting S. 412, the Malt Beverage Interbrand Competition Act.

In the area of administrative practice and procedure, the Committee reported H.R. 1890, to provide for an equitable waiver in the compromise and collection of Federal claims, and has approved for reporting S. 1562, the False Claims Reform Act of 1985.

Even though the Committee did not have a sufficient time of referral in which to act, the Committee held two days of hearings on S. 51, the Superfund legislation, and offered a package of amendments on the Senate floor dealing with the right to contribution, pre-enforcement review, and judicial review. These amendments were adopted and became a part of the final measure adopted by the Senate.

In addition to the foregoing, the Committee reported S. 40, the Constitutional Convention Implementation Act of 1985, S. 86, the Sex Discrimination in the United States Code Reform Act, and S. 1916, preserving the authority of the Supreme Court Police. S. 86 has passed the Senate. The text of S. 1916 was inserted in the House companion measure, H.R. 3914, which now has been approved by both Houses of Congress and will soon become public law. The Committee also reported four Federal charter bills, two measures amending interstate compacts and two private relief bills.

During the 1st Session of the 99th Congress, the Committee received, and the Senate confirmed 128 executive nominations for the following positions: 22 for U.S. Circuit Judgeships; 62 for U.S. District Court Judgeships; 1 for U.S. Claims Court Judgeship; 1 for International Trade Court Judgeship; 13 for U.S. Attorney; 7 for U.S. Marshal; 1 for Attorney General; 1 for Deputy Attorney General; 1 for Associate Attorney General; 1 for Solicitor General; 5 for Assistant Attorney General; 1 for Administrator, DEA; 7 for membership on the Sentencing Commission (including Chairman); 1 for membership on the Foreign Claims Settlement Commission; 2 for membership on the Copyright Royalty Tribunal; 1 for Chairman of the Administrative Conference of the United States; and 1 for Commissioner of Patents and Trademarks.

SUMMARY OF ACTIVITIES OF THE LABOR AND HUMAN RESOURCES COMMITTEE DURING THE FIRST SESSION OF THE 99TH CONGRESS

During the first session of the Ninety-Ninth Congress, the Senate Labor and Human Resources Committee has held more than forty hearings on a broad spectrum of issues. The subjects ranged from labor union violence, youth unemployment, barriers to special needs adoptions, the role of the United States as a member of the International Labor Organization, nutrition and fitness and their effects on health promotion and disease prevention, to the impact of space technology on human resources. Fourteen measures referred to the committee for action have subsequently been signed into public law. (see attached list) A total of 133 nominations were referred and of these 105 received Senate confirmation. Thirty-one bills under the committee's jurisdiction were approved by the Senate.

Some of the major pieces of legislation to become public law include the Orphan Drug Act Reauthorization, S. 1174/P.L. 99-91; Nurse Training Reauthorization, S. 1284/P.L. 99-92; Health Professions Education Reauthorization S. 1283/P.L. 99-129; Health Research Extension Act, H.R. 2409/P.L. 99-158; Walsh-Healy amendment to the DoD authorization, P.L. 99-145; Fair Labor Standards Public Employee Overtime Compensation Act, S. 1570/P.L. 99-150; and the National Science Foundation Authorization, S. 801/P.L. 99-159. (see news releases for description of measures)

Significant items reported by the Committee which were approved by the Senate but not yet acted upon by the House (excluding those mentioned above) Primary Care Block Grant/Community Health Centers and Migrant Health Centers, S. 1282; National Health Service Corps Amendments, S. 1285; Adoption Assistance Amendments of 1985, S. 1628 (incorporated in the Deficit Reduction Act) and the Comprehensive Smokeless Tobacco and Health Education Act, S. 1574.

Major nominations to be acted upon by the Committee include: William Brock to be Secretary of Labor; Dr. Everett Koop to be U.S. Surgeon General; William Bennett to be Secretary of Education;

1985 PUBLIC LAWS (AS OF DECEMBER 13, 1985)

1. S.J. Res. 4/H.J.Res. 85/P.L. 99-6. Skin Cancer Prevention Week (OGH)., Page 3, item 1.

2. S. 484/P.L. 99-46. Saccharin Extension Act (OGH). Page 3, item 2.

3. S. 1174/P.L. 99-91. Orphan Drug Act Reauthorization (OGH/EMK). Page 3, item 3.

4. S. 1284/P.L. 99-92. Nurse Training Reauthorization (OGH/EMK). Page 3, item 4.

5. S. 1283/P.L. 99-29. Health Professions Education Reauthorization (OGH/EMK). Page 3, item 5.

6. H.R. 2409/S. 1309/P.L. 99-158. NIH Reauthorization. Page 3, item 6.

7. S.J. Res. 51/P.L. 99-153. National Adoption Week. Page 3, item 8.

8. S.J. Res. 36/P.L. 99-2. "National DECA Week" (Cochran-OGH). Page 13, item 1.

9. S.J. Res. 186/P.L. 99-100. "Nationally Historically Black Colleges Week" (Thurmond/ OGH). Page 13, item 2.

10. S.J. Res. 158/P.L. 99-128. "National Community Colleges Month" (Murkowski/ OGH). Page 13, item 3.

11. S.J. Res. 218/H.J. Res. 386/P.L. 99-135. Resolution for National Day of Fasting. Page 19, item 1.

12. S. 1570/P.L. 99-150. Bill to overturn Garcia. Page 19, item 4.

13. P.L. 99-145. Walsh Healy. Page 19, item 4.

14. S. 801/P.L. 99-159. NSF Authorization for FY 86. Page 24, item 1.

1985 NOMINATIONS

15. Dr. Everett C. Koop, Surgeon, Public Health Service confirmed 11/1/85. Page 14, item 1.

16. John Erthein, National Council on Handicapped, confirmed 10/25/85. Page 14, item 2.

17. Francis Hodsoll, Chairman, National Council for the Arts, confirmed 10/28/85. Page 17, item 5.

18. Barbara Taylor, Member, National Commission on Libraries and Information Sciences, confirmed 11/30. Page 18, item 7.

19. Lee Edwards, Member, National Commission on Libraries and Information Sciences, confirmed 11/30. Page 18, item 7.

20. Frank Gannon, Member, National Commission on Libraries and Information Sciences, confirmed 11/30. Page 18, item 7.

21. Jim Stephens, Member, NLRB, confirmed 10/16. Page 23, item 1.

22. Roger Semerad, Asst. Secretary DoL, confirmed 10/16. Page 23, item 2.

23. Joyce Doyle, Member, MSHA, confirmed 10/25. Page 23, item 3.

24. Dennis Whitfield, Under Secy. of Labor, confirmed 10/25. Page 23, item 4.

25. Dennis Kass, Asst. Secy, for Pensions, DoL, confirmed 11/14. Page 23, item 7.

26. William Merrell, Asst. Director, N.S.F., confirmed 10/16. Page 25, item 1.

27. Charles Hosler, N.S.F. Board Member, confirmed 10/16. Page 25, item 1.

28. Craig Black, N.S.F. Board Member, confirmed 10/16. Page 25, item 1.

AWAITING PRESIDENT'S SIGNATURE

29. S.J. Res. 139, National Home Care Week. Page 4, item 9.

30. S.Con. Res. 71, Commemorate 10th Anniversary of P.L. 94-142. Page 3, item 11.

31. S. 1264, National Foundation of Arts & Humanities of 1985. Page 13, item 4.

Those that have passed the Senate from LHR Committee:

S.J. Res. 4, Skin Cancer Prevention Week.

S. 484, Saccharin Extension Act.

S. 1174, Orphan Drug Act Reauthorization.

S. 1284, Nurse Training Reauthorization.

S. 1283, Health Professions Education Reauthorization.

S. 1309, National Institutes of Health Reauthorization.

S. 425, Arthritis Institute (included in S. 1309)

S.J. Res. 51, National Adoption Week.

S.J. Res. 139, National Home Care Week.

S. 1282, Primary Care Block Grant/Community Health Centers.

S. 1285, National Health Service Corps.

S. 415, Handicapped Children's Protection Act.

S. 974, Weicker Mental Health Initiative.

S.J. Res. 147, National Infection Control Week.

S.J. Res. 189, Fetal Alcohol Syndrome Awareness Week.

S.J. Res. 202, American Liver Foundation National Liver Awareness Month.

Am. to farm b, Cholesterol/Calcium Studies by USDA.

S.J. Res. 36, National DECA Week.
S.J. Res. 186, National Historically Black Colleges Week.
S.J. Res. 158, National Community Colleges Month.
S. 1264, National Foundation on the Arts and Humanities Amendments of 1985.
S.J. Res. 52, National School Library Month.
S.J. Res. 48, Year of the Teacher.
S.J. Res. 219, National Humanities Week.
S. 1570, To Overturn the Garcia Decision.
Am. to DOD au, Walsh-Healy.
S.J. Res. 386, National Fast Day.
S. 801, NSF Authorization for FY 86.
S. Con. Res. 71, Commemorate 10th Anniversary of PL 94-142.
S. 1628, Adoption Medicaid Legislation.
S. 1574, Comprehensive Smokeless Tobacco & Health Education Act.
Significant nominations:
Dr. Everett C. Koop, Public Health Service.
John Erthein, National Council on Handicapped.
Francis Hodsoll, National Council for the Arts.
Ford B. Ford, Chairman, Mine Safety and Health Review Administration.
William Brock, Secretary of Labor.

SUMMARY OF ACTIVITIES OF THE COMMITTEE ON RULES AND ADMINISTRATION DURING THE 1ST SESSION OF THE 99TH CONGRESS

During the 1st session of the 99th Congress, the Committee on Rules and Administration, under Chairman Charles McC. Mathias, Jr., considered and sent to the Senate a number of bills and implemented various measures and policies that affected the daily management of the Senatorial, committee, and support offices. The following summaries highlight the Committee's actions during 1985.

FEDERAL ELECTION CAMPAIGN ACT OVERSIGHT

Seven bills proposing changes in the campaign finance provisions of the Federal Election Campaign Act have been introduced and referred to the Senate Committee on Rules and Administration in the first session of this Congress. Three of these bills, S. 59 by Senator Goldwater, S. 1072 by Senator Gorton and S. 1891 by Senator Heinz, are legislative proposals for the most part identical to bills on which the Committee received testimony during hearings in the 98th Congress.

S. 59 proposes to place expenditure limits on all candidates, political parties and PACS and also proposes a repeal of the presidential public funding program. S. 1072 would allow candidates to declare that independent spending had become a part of their campaign and thus bring such spending under the contribution limits. This legislation also would triple the amount of expenditures political party committees could make on behalf of their Senate and House candidates. When Senate and House candidates spend more than certain amounts of personal funds, the contribution limits would be tripled for individuals and PAC'S contributing to their opponents. S. 1891 proposes to strengthen the role of political parties in the financing of campaigns by increasing the contributions and expenditures they may make on behalf of federal candidates. This legislation would also change current audit and enforcement procedures at the Federal Election Commission. Under its provisions, committees receiving and expending funds to draft individuals as candidates would be brought under the limits of the FECA.

S. 297, introduced by Senator Boren in January, is identical to a bill he introduced in the previous Congress.

The other bills are S. 1563, Senator Helms' bill on union dues and a later version of Senator Boren's bill S. 1806.

A hearing was held on S. 1787, Senator Mathias' bill proposing to finance general elections to the Senate, on November 5, 1985.

The Committee reported out an original bill, S. 1117, authorizing appropriations in the amount of $12,605,000 for the Federal Election Commission in FY 1986.

PUBLIC PRINTER NOMINATION

On January 3, 1985, Mr. Ralph E. Kennickell, Jr., of Virginia, was nominated by President Reagan to be Public Printer, and his nomination was received by the Rules Committee.

Following an extensive background check by the Committee staff, on June 12, 1985, a public hearing was held on the nomination. At a June 20, 1985, business meeting to consider the nomination, the Committee determined that further investigation into Mr. Kennickell's background was warranted. Subsequently, the Department of Justice was asked to investigate certain questions regarding the nominee's background. The Justice Department had the FBI conduct the investigation, and on November 14, 1985, the Department of Justice submitted the FBI's findings to the Rules Committee.

At a business meeting of the Rules Committee on December 10, 1985, a rollcall vote was taken on a motion to favorably report the nomination of Mr. Kennickell to be Public Printer. The nomination was ordered reported by a vote of 8 to 4.

As of this writing (December 19, 1985), Mr. Kennickell's nomination is pending on the Executive Calendar.

SMITHSONIAN INSTITUTION OVERSIGHT

In exercising its oversight over the Smithsonian Institution, the Rules Committee considered and favorably reported the following measures: S. 583, a bill to authorize renovations to the Cooper-Hewitt Museum in New York City; S. 582, a bill to reauthorize museum suppport activities under the National Museum Act; H.R. 1483, a bill to authorize construction and repair of facilities for the Smithsonian Tropical Research Institute in Panama and the Whipple Observatory in Arizona.

Hearings were held on S. 1311, a bill to authorize the construction of a museum for very large aircraft and spacecraft at Dulles Airport, but no further action was taken.

The committee held hearings on an original measure to authorize new construction at the Freer Gallery of Art.

The Committee also considered and favorably reported the following joint resolution: S.J. Res. 214, reappointing Carlisle Humelsine to be a member of the Smithsonian Board of Regents, and S.J. Res. 215, reappointing William G. Bowen to be a member of the Smithsonian Board of Regents.

LIBRARY OF CONGRESS OVERSIGHT

The Chairman and other members of the Rules and Administration Committee conducted an oversight meeting (as Senate members of the Joint Committee on the Library) on the Library of Congress—specifically the plans and progress of the Library with the renovation and restoration of the Jefferson and Adams buildings, construction of the book deacidification facility at Fort Detrick, Maryland, and the Library's printed card, microform, and computerized catalogs—the U.S. Botanic Garden Park, renamed the Frederick Auguste Bartholdi Park, in honor of the sculptor of the park's fountain—and the final plans for the dedication of the Dr. Martin Luther King, Jr., memorial sculpture in the United States Capitol.

BROADCAST OF SENATE FLOOR PROCEEDINGS

The Committee on Rules and Administration reported favorably Senate Resolution 28 with amendments and recommended that the resolution as amended be agreed to.

S. Res. 28, as reported by the Committee on Rules and Administration, provides for a test period implementation of live, gavel-to-gavel radio broadcast coverage of all proceedings in the Senate Chamber, and a closed circuit test of television coverage of all proceedings, except, in both cases, when a closed-door session is ordered. The Architect of the Capitol, the Sergeant at Arms and Doorkeeper of the Senate, the Librarian of Congress, the Archivist of the United States, and the Committee on Rules and Administration are given certain specified duties by this resolution. Regulations for this coverage are also provided, and a sum not to exceed $3,500,000 for the Architect of the Capitol to carry out the purposes of this resolution is authorized to be expended from the contingent fund of the Senate.

LINE ITEM VETO

Senate Bill 43, which provides that each item of any general or special appropriation bill and any bill or joint resolution making supplemental deficiency, or continuing appropriations that is agreed to by both Houses of Congress in the same form shall be enrolled as a separate bill or joint resolution for presentation to the President, was referred to the Rules and Administration Committee on January 3, 1985. This measure, which was introduced on January 3, 1985, by Senator Mattingly, was co-sponsored by 46 Senators, six of whom, Senators McClure, Helms, Warner, Dole, Stevens, and Garn, are members of the Rules and Administration Committee.

The Committee held two days of hearings on this measure (May 14 and May 20, 1985) receiving testimony in favor of the measure from Senator Mattingly and Senator Evans and testimony in opposition to the bill from Senator Hatfield and a panel of experts (Dr. Louis Fisher, Specialist in American National Government in the Congressional Research Service; Dr. Allen Schick, Professor of Public Policy at the University of Maryland as a visiting fellow of the American Enterprise Institute; and Dr. Norman Ornstein, AEI Resident Scholar.) Senators Mathias, Ford, and Inouye raised questions, and spoke in opposition to S. 43, when questioning the various witnesses.

Statements in favor of the bill were received from Senator Thurmond, Senator Dole, Howard Jarvis (American Tax Reduction Movement), John C. Datt on behalf of the American Farm Bureau Federation, 13 groups and associations led by the U.S. Chamber of Commerce, and Professor Judith Best of the State University of New York at Cortland. Statements for the Record in opposition to S. 43 were received from Common Cause, the AFL/CIO Executive Council, and the National Council, and the National Council of Conservation Districts. Also received for the record was a statement from Johnny H. Killian, CRS Specialist in American Public Law, who concluded that the courts would decide the contitutionality of S. 43, if enacted and implemented by the Congress, on the basis of

how much power shifted from Congress to the President.

The Rules Committee held a mark-up session on Thursday, June 20, 1985, and voted to report S. 43 unfavorably, without amendments, and with a written report.

The motion to proceed to consideration of S. 43 was debated in the Senate from July 17 to July 24, 1985. After three unsuccessful cloture votes, the motion to proceed was withdrawn on July 24.

SENATE COMMITTEE OVERSIGHT

S. Res. 85 the Omnibus Committee Funding Resolution of 1985

The Rules Committee reported annual authorization for the expenditures of the Standing, Select, and Special Committees of the Senate for the period of March 1, 1985, through February 28, 1985, of $44,878,358.

PRINTING FOR THE SENATE

The Rules Committee reported favorably the following printing resolutions for Senate committees:

S. Res. 30, to authorize the printing of the report entitled "Developments in Aging: 1984" for the Special Committee on Aging; S. Res. 244, authorizing the printing of background information on the Committee on Foreign Relations for that committee; S. Res. 181, authorizing the printing of the report entitled "Highway Bridge Replacement and Rehabilitation Program, Sixth Annual Report to Congress" for the Committee on Environment and Public Works; S. Res. 231, authorizing the printing of a revised edition of the "Standing Rules of the Senate" for the Committee on Rules and Administration; S. Con. Res. 80, to authorize the printing of 2,000 additional copies of the print entitled "Defense Organization: The Need for Change" for the Committee on Armed Services; and S. Con. Res. 85, to authorize the compilation and printing of the Bicentennial Edition of the Biographical Directory of the United States Congress for the Committee on Rules and Administration.

THE CAPITOL

The Ninth Edition of *The Capitol*, a pictorial history of the Capitol and of the Congress, is now in production. Delivery to Members is scheduled for early 1986.

U.S. CAPITOL HISTORICAL SOCIETY CALENDARS

The Rules Committee conducted a survey of all Members of the Senate regarding their preference on the "We The People" Historical Society calendar. With 89 Senators responding to the questionnaire, the results indicated that the overwhelming majority of Senators desired delivery of the 1,000 calendars that have traditionally been provided them. A number of Senators expressed their opinion that the calendars are an excellent constituent relations tool. Committee staff is currently in the process of distributing the calendars to Senator's offices.

ADMINISTRATION OF THE SENATE

Office automation systems for Senators' offices

As of December 19, 1985, office automation equipment has been installed in the Washington offices of 94 Senators. The staff of these offices believes this program has been a great help in providing them with tools for increasing their productivity. There are now requests for an expansion of this program in Washington and for an extension of these services to home state offices.

The committee received and considered office automation plans for twenty committees and offices of the Senate. 15 of these plans have been approved and are installed or in the process of being installed. The remaining five are still being reviewed.

Procurement of new telephone system for the Senate

A Request for Proposals (RFP) for a new telephone service was issued by the Committee on Rules and Administration on October 1, 1984. Responses were received from 6 vendors on January 31, 1985.

The Senate was joined in its investigation of new phone services by the House Administration Committee at the request of Chairman Annunzio. (May, 1985) House and Senate staff and consultants and representatives of the Architect and the Office of Technology Assessment formed a joint evaluation team. The joint team attended all formal contacts with bidders, such as oral presentations, demonstrations and site visits.

Upon completion of site visits both House and Senate reviewed the original RFP. An amended RFP containing revised specifications, reflecting increased capacity to accommodate the House and other purposes was issued on June 4, 1985. Responses to the amended RFP were received on July 24, 1985. Of the 6 original bidders, two declined to submit bids on the amended request and withdrew.

The four remaining bidders were asked to appear before the joint evaluation team to describe their products and installation plans on August 22-26, 1985.

Demonstrations were arranged and conducted in the Washington offices of three customers to permit AAs, office managers, and receptionists to review desk sets in a working environment. (August 28-29) Their comments were considered in the evaluation.

All bidders were asked to review their proposals in the light of discussions and submit best and final cost proposals by September 5, 1985. All complied.

All contracts with bidders were coordinated by the contracting officer and meetings with bidders were held with representatives of both houses in attendance. The two teams performed their evaluations separately, concentrating on aspects of the bids that affected their respective house and items that were related to coordination of services between the two houses.

The Sergeant at Arms presented his recommendation for telephone service for the Senate on Nov. 12, 1985. Additional information meetings were held for the committee members.

The Committee considered the recommendations on Dec. 4 and Dec. 10. After prolonged discussion, the Committee voted to reject all the pending bids, to rebid it within 90 days, and to specify that on evaluations the technical points would receive 80 percent of the weight and the cost 20 percent, as opposed to the 75/25 ratio in the previous bid.

MASS MAIL REGULATIONS

The committee amended the regulations governing mass-mail with the following provisions: (1) increased the minimum paper allotment from 1.2 million to 1.8 million sheets per year per senator, (2) excluded town meeting notices from the paper allotment if the Senator is at the town meeting, (3) excluded "dear friend" letters in response to organized mail campaigns from the paper allotment, (4) provided for the publication on a quarterly basis of Senators' individual mass/mail costs, (5) defined a paper allotment year, and (6) provided for the printing of pictures of missing children on Senate mass-mail and on letters prepared with the Senate Correspondence Management system.

The committee also reported an original measure, Senate Concurrent Resolution 91, to provide for the quarterly reporting of the mass-mail costs of members, committees and offices of the House of Representatives and the Senate.

Contingent fund expenditures

The Rules Committee auditors processed 40,000 vouchers this year for contingent fund expenditures, representing a 5% increase over the previous year.

Administration of Senate Office Buildings

Under the direction of the Rules Committee, with the assistance of the Office of the Architect of the Capitol, the following administrative actions concerning the Senate Office Buildings occurred in 1985:

New modular office furniture was assigned to 10 Senators in the Hart Building;

Plans to locate the Senate Employees' Child Care Center from the Immigration Building to a new location were finalized;

Capitol offices were reassigned to 42 Senators; a total of 78 Senators have now been provided with office space in the Capitol.

New space in the Capitol for the media is presently nearing completion;

Studies associated with acquiring the Old Post Office Building at Massachusetts Avenue and North Capitol have been completed.

SUMMARY OF ACTIVITIES OF THE SENATE SMALL BUSINESS COMMITTEE DURING THE 1ST SESSION OF THE 99TH CONGRESS

I. SBA AUTHORIZATION LEGISLATION

The Committee reported out and the Senate passed, by vote of 94-3, a three-year authorization bill to fund the Small Business Administration's (SBA's) basic core of credit, management assistance and disaster loan programs for fiscal years 1986-1988, while achieving substantial agency savings of $2.5 billion. The bill, S. 408, was then incorporated into the Omnibus Reconciliation Act, which passed the Senate on December 19, 1985.

The final budget plan for the SBA attains significant outlay savings through a budget freeze in fiscal year 1986, termination of SBA's Direct Loan Program (except for economic opportunity loans, loans to MESBICs veterans and, the handicapped), elimination of the Non-physical Disaster Loan Program, and the following policy changes: removing farmers from SBA's Disaster Loan Program and requiring them to obtain assistance from the Farmers Home Administration for disasters declared after September 30, 1985, and permitting the Small Business Investment Company (SBIC) Program to be financed through private capital markets instead of through the Federal Finance Bank.

The following programs were maintained through FY 1988:

Credit programs

The *7(a) Loan Guarantee Program* will continue to allow banks to provide long-term financing, otherwise unavailable, to small firms. These loans can be up to $500,000 with terms usually 7-10 years in length. Two important reforms were made in this program. First, the fee to the borrower was increased from 1% to 2%; and second, SBA's maximum loan guarantee was decreased to 85% for FY 1986 program levels: $2.5 billion.

Small Business Investment Company (SBIC) and Minority Enterprise and Minority Enterprise Small Business Investment Company (MESBIC) Programs will continue to fill the critical void in the availability of small business equity financing by providing small firms with venture capital through SBA-licensed private lending companies. FY 1986 program levels: $20 million for SBICs and $41 million for MESBICs.

The 503 Certified Development Company Loan Program will continue making "bricks and mortar" financing available to healthy small businesses for planned expansion and job creation through a partnership among federal, state and local governments, and the private sector. FY 1986 program level: $400 million.

Through its *Surety Bond Guarantee Program*, SBA will continue to assist qualified small businesses by extending a guarantee to a surety of up to 90% against loss, thereby making bonding more easily obtainable for them. This is important as small business contractors and subcontractors must often furnish surety bonds in order to obtain public and private sector construction contracts. FY 1986 program level: $1 billion.

All the FY 1986 levels for the loan guarantee programs described above will be adjusted for inflation in the outyears.

Disaster assistance

Through its *Physical Disaster Loan Program*, SBA will continue to provide critical and timely assistance to businesses and homeowners who are victims of physical disasters. SBA will continue making loans at favorable terms to property owners to cover uninsured losses resulting from natural disasters. Farmers, however, will be removed from this program as of October 1, 1985.

Management assistance

SBA's management assistance programs, including *Small Business Development Center (SBDC), Small Business Institute (SBI), Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE)*, will continue to utilize private sector resources to meet the wide-ranging needs of small businesses. These programs, through a delivery system composed of retired volunteers, universities and the private sector, will continue to provide affordable training and counseling to small business entrepreneurs, which will be funded through the salaries and expenses portion of SBA's budget.

II. TAX HEARINGS

The Committee conducted 13 field hearings in seven states as part of a comprehensive series of forums to examine the impact of tax reform on small business. The hearings focused on the Administration's November, 1984 tax simplification proposal and the most updated version of their package, as well as the Bradley-Gephardt and Kemp-Kasten tax reform proposals. Of particular interest to the Committee and to the witnesses who testified were those provisions which affect small business' ability to attract and retain capital. Examples of such provisions include those dealing with the Investment Tax Credit (ITC), depreciation, and the taxation of capital gains. A Committee report detailing the proceedings will be issued in January.

III. NATIONAL ADVISORY COUNCIL ANNUAL MEETING

The Committee's National Advisory Council, at its annual meeting on October 23, unanimously approved eight resolutions, including measures calling for the President and Congress to take immediate action on the budget crisis, endorsing cuts in all areas, including entitlement programs, social security, defense spending and tax increases, if necessary; to oppose comprehensive tax reform, with the exception of a minimum corporate tax; and to maintain the Small Business Administration as an independent agency. In its fifth annual meeting, the Council, which is composed of 25 small business persons from around the nation, also declared its support for vigorous enforcement of U.S. antitrust laws; stronger implementation of the Prompt Payment Act; called for hearings and a federal standard on the issue of liability insurance, in light of the current crisis in availability and affordability for small firms; and asked the President, the U.S. Trade Representative, the International Trade Commission and the Commerce Department to reduce imports from any country whose unfair trade practices contribute to our trade deficit with that country.

IV. PROMPT PAYMENT ACT OVERSIGHT

The Committee conducted the first of two hearings to oversee the implementaton of the Prompt Payment Act of 1982 to ensure that small contractors doing business with the federal government receive timely payment. The initial hearing took place in Norfolk, Virginia, with the second planned for early next year in Washington, DC. The hearings were called in response to reports from small business contractors that some federal agencies are failing to fully carry out the objectives and Congressional intent of the Prompt Payment Act.

V. OVERSIGHT OF SBA'S VETERANS PROGRAM

The Committee conducted an oversight hearing into the veterans assistance programs and Office of Veterans Affairs at the Small Business Administration on November 13. The hearing was held in order to determine whether SBA has been fulfilling its mandate to give "special consideration" to veterans in all agency programs, as directed by Public Law 93-237. The Committee is formulating recommendations to the agency for improving their veterans outreach efforts based on the hearing record and responses to follow-up questions.

Summary of Activities of the Committee on Veterans' Affairs Activities During the First Session of the 99th Congress

I. INTRODUCTION

During the First Session of the 99th Congress the Senate Committee on Veterans' Affairs was active in addressing many important issues and concerns which face the Nation's veterans. During the past year the Committee has continued its efforts to be responsive to the needs of veterans through improving health-care and benefits programs provided by the Veterans' Administration as well as veterans' programs administered by the Department of Labor.

The Committee held 18 days of hearings on legislative and oversight matters and the legislative recommendations of veterans' service organizations. Among those hearings were 4 days of hearings concerning VA health care and medical facility construction programs and related matters; 1 day of hearings on the VA fiscal year 1986 budget; 2 days of hearings concerning veterans' exposure to ionizing radiation; 3 days of hearings concerning veterans' compensation and employment matters; 2 days of hearings on the VA home loan guaranty program; and 1 day of hearings on the nomination of Donald Shasteen to be the Assistant Secretary of Labor for Veterans' Employment.

The Committee met in open session 5 times and reported 5 bills to the Senate, the provision of one of which, with modifications, was ultimately enacted into 1 public law.

(1) The Veterans' Administration Health-Care Amendments of 1985, Public Law 99-166, December 3, 1985.

Those not yet enacted are:

(1) H.R. 752, the proposed "New GI Bill Amendments of 1985" reported by the Committee on June 27, 1985 (S. Rept. 99-17).

(2) S. 367, the proposed "Veterans' Administration Adjudication Procedure and Judicial Review Act" reported by the Committee on July 8, 1985 (S. Rept. 99-100) and passed by the Senate on July 30, 1985.

(3) S. 1730, the proposed "Consolidated Omnibus Budget Reconciliation Act of 1985" Title XI reported by the Senate Committee on Veterans' Affairs on September 26, 1985 (S. Rept. 99-146).

(4) S. 1887, the proposed "Veterans' Compensation and Benefits Improvement Act of 1985" reported by the Committee on November 26 (S. Rept. 99-200) and passed by the Senate on December 2, 1985.

On March 7, 1985, the Majority of the Committee transmitted to the Budget Committee, pursuant to section 301(c) of Public Law 93-334, its recommendations for the fiscal year 1986 budget for veterans' benefits and services. The Minority of the Committee transmitted, separately, its recommendations on March 6, 1985.

LEGISLATIVE ACTIVITIES

Veterans' health care

During the First Session of the 99th Congress, 4 days of hearings were held and a major legislative initiative was enacted which concerned veterans' health-care programs.

On June 12, 1985, the Committee ordered reported favorably S. 876 which was ultimately enacted on December 3, 1985, as Public Law 99-166, the Veterans' Administration Health-Care Amendments of 1985. Public Law 99-166, an omnibus bill including 27 separate provisions, among other things:

(1) Requires the Administrator to conduct a 3 year pilot program under which the VA would increase the range of services provided to Vietnam-era veterans at 10 existing VA readjustment counseling centers, otherwise known as "Vet Centers".

(2) Extends through Fiscal Year 1989, the period of time which those veterans exposed to ionizing radiation from a nuclear detonation or toxic substances in Vietnam would be eligible to receive priority VA health-care services for disabilities not determined to be unrelated to such exposure.

(3) Requires the Administrator to establish a comprehensive quality-assurance program to monitor the quality of VA health care.

(4) Requires the VA to submit to the Committee on Veterans' Affairs of the Senate and House of Representatives a five-year strategic plan detailing the mission and goals of VA medical facilities and a construction plan based on those goals.

(5) Approves the VA's requested individual medical facility construction projects although not the dollar levels requested by the VA, in the fiscal year 1986 budget submission. For fiscal year 1986 the President requested $417.2 million for major construction projects and $194.4 million for minor construction projects.

In addition to the aforementioned legislative activities, the Committee held hearings to review other important health-care issues including oversight of existing health-care programs including the VA's construction planning programs and the consideration of legislation concerning veterans exposure to Agent Orange and ionizing radiation.

Education and related matters

H.R. 752, as reported by the Senate Veterans' Affairs Committee would accelerate the effective date of the educational assistance programs for active duty and Selected Reserves personnel established by P.L. 98-525. In addition H.R. 752 would:

(1) Extend the deadline for enrollment in the "Veterans' Educational Assistance (VEAP)" by six months from July 1, 1985, until December 30, 1985.

(2) Allow the Secretary of Defense to offer benefits under the "New GI Bill" to individuals who return to active duty after a break in service.

The Senate Armed Services Committee reported unfavorably the aforementioned legislation and no further action has been taken.

Judicial review

On July 8, 1985, the Committee reported S. 367, the proposed "Veterans' Administration Adjudication Procedure and Judicial Review Act" which would provide for judicial review of final agency decisions on veterans' claims for VA benefits and which would modify the $10 statutory limitation on the fee payable to an attorney representing a claimant before the VA. On July 30, 1985, the Senate passed the text of S. 367, as reported. No further action was taken on this legislation during the First Session of the 99th Congress.

Reconciliation

The Committee met on June 20, 1985, to consider Administration's legislative proposals which included a means test, and reimbursement from health insurers for the cost of health care furnished by the VA.

Pursuant to section 2(1) of S. Con. Res. 32, the First Concurrent Resolution on the Budget for Fiscal Year 1986, the Committee, on September 26, 1985, ordered reported favorably legislation and report language recommending certain budget savings. Pursuant to its reconciliation instructions, the Committee recommended changes in the law sufficient to reduce budget authority and outlays for veterans' programs by $1.15 billion during FY 1986-FY 1988.

Among other things, this legislation would:

(1) Clarify eligibility categories and priorities for health care provided for or furnished by the VA, would establish expanded eligibility for such health care for certain service-connected disabilities, and establish an income eligibility criterion for non-service-connected veterans.

(2) Authorize prospectively the United States to recover reasonable costs of care and services furnished through VA or non-VA facilities at VA expense for veterans with no service-connected disability, who are covered under health-plan contracts.

The above mentioned provisions were included in S. 1730, the proposed "Consolidated Omnibus Budget Reconciliation Act of 1985" as passed on November 14, 1985, as an amendment in the nature of a substitute to H.R. 3128. The Conference agreement on H.R. 3128, is expected to be considered by the House and the Senate on December 19, 1985. The statement of managers outlines the Conference agreement.

Compensation and related issues

During the First Session of the 99th Congress, the Senate Veterans' Affairs Committee reported, and the full Senate approved, on December 2, 1985; S. 1887, the proposed "Veterans' Compensation and Benefits Improvement Act of 1985" a bill with 49 sections in 5 titles. It would provide that veterans in receipt of compensation for service-connected disabilities dependents and survivors in receipt of dependency and indemnity compensation would receive an across-the-board cost-of-living increase of 3.1 percent effective December 1, 1985. In addition to increasing the rates of compensation, other important provisions of S. 1887 would:

(1) make improvements in the Home Loan Guaranty Program, including the establishment of stricter credit underwriting standards.

(2) make changes in the various educational assistance programs available to veterans.

(3) extend and expand the Emergency Veterans' Job Training Act and provide an authorization for additional funding for that program.

(4) provide the option of marking gravesites in national cemeteries with upright markers.

The Senate and House were unable to reach a compromise on an omnibus compensation bill prior to the end of the 1st session of the 99th Congress. In order to ensure that a cost-of-living adjustment (COLA) would be provided to veterans in receipt of compensation for service-connected disabilities, dependents, and the survivors of veterans whose deaths were due to service, a 3.1% COLA rate increase was included in both a Senate amendment to H.R. 1538, the Veterans' Compensation Rate Increase and Job Training Improvement Act of 1985, and in the conference report of H.R. 3218, the Omnibus Budget Reconciliation Act of 1985 which was passed by the Senate and House on December 19, 1985. H.R. 1538, as amended, and passed by the Senate on December 19, 1985, also renamed and extended for one year the Emergency Veterans' Job Training Act.

Expected action by the committee during the 2d session of the 99th Congress

During the next session of Congress, the Committee will continue its oversight of the major programs administered by the VA.

Special emphasis is expected to be placed on several program areas including:

(1) alternatives to institutionalization for aging and chronically mentally ill veterans.

(2) a continued review of the VA's loan guaranty program.

(3) a review of the VA's financial management and resource allocation system and the use of, among other things, diagnostic-related-groups (DRG's).

(4) an examination of the VA's automatic data processing (ADP) system.

AMENDMENT TO INCREASE LIMIT ON DISTILLED SPIRIT PLANTS EXEMPT FROM BOND REQUIREMENTS

Mr. DOLE. Mr. President, during a recent town meeting in Garden City, KS, I was approached by two men who own a small alcohol fuel producing plant in Leoti, KS. These men were concerned that as of January 1, 1986, they would be forced to close their plant and lay off approximately 12 employees because of a Federal law requiring them to furnish a $110,000 bond. Officials with the Bureau of Alcohol, Tobacco and Firearms inform me that this bonding requirement is to guarantee that an alcohol fuel producing plant will pay any Federal tax liability accruing on the distilled spirits produced by the plant. It seems rather strange to me, Mr. President, that such a bonding requirement should result in the closing of an alcohol fuel producing facility, as there is no Federal tax liability on alcohol fuel.

According to the two men operating this plant, it has been impossible for them to obtain the federally mandated bond. Their bank is a small agricultural-oriented facility and due to the sad shape of the agricultural economy these bonding companies have no interest in underwriting such a bond.

I do understand, Mr. President, that at one stage in the alcohol distillation process there is some concern that the alcohol produced by an alcohol fuel plant could be diverted and used for beverage purposes. Should this happen there would be Federal excise taxes due on the product. However, Mr. President, I have been assured by officials with the Bureau of Alcohol, Tobacco and Firearms, that Public Law 96-223 sets out specific criminal penalties for any such illegal activities—thereby providing the Government with a form of recourse against those diverting the product illegally.

Today, I would have offered an amendment to increase the limit on distilled spirit plants exempt from bonding requirements when producing alcohol fuels if there had been a realistic chance for enactment. This amendment would have raised the bonding threshold for those plants in operation for at least 2 years, from the 10,000-proof gallon level to a 2,500,000-proof gallon level, for 1 year. It will allow those small alcohol fuel production plants experiencing bonding problems to remain open next year, and would have given Congress enough time to fully discuss the merits of the bonding requirement.

Unfortunately, it was not possible to get the House to consider this measure today. I hope to be able to move this legislation very quickly in the next session.

I ask unanimous consent that the text of the amendment I intended to offer be printed immediately following my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . In the case of any distilled spirits plant which, for each calendar quarter during 1984 and 1985, was required to obtain, and obtained, a bond under section 5181 of the Internal Revenue Code of 1954, section 5181(c) of such Code shall, for each

calendar quarter during 1986, be applied by substituting "2,500,000 proof gallons" for "10,000 proof gallons".

APPOINTMENTS BY THE CHAIR

The PRESIDING OFFICER (Mr. WALLOP). The Chair, on behalf of the President pro tempore, pursuant to Public Law 94-118, appoints the Senator from Hawaii [Mr. INOUYE] to the Japan-United States Friendship Commission.

The Chair, on behalf of the President pro tempore, pursuant to Public Law 99-83, appoints Rabbi Chaskel Besser to the Commission for the Preservation of America's Heritage Abroad.

The Chair, on behalf of the President pro tempore, pursuant to Public Law 99-93, as amended by Public Law 99-151, appoints the following Senators to the United States Senate Caucus on International Narcotics Control: the Senator from Delaware (Mr. BIDEN), Co-Chairman; the Senator from Arizona [Mr. DECONCINI]; and the Senator from Illinois [Mr. DIXON].

The Chair, on behalf of the Vice President, pursuant to Executive Order 12131, signed by the President on May 4, 1979, as extended, appoints the Senator from Texas [Mr. BENTSEN] to the President's Export Council.

APPLAUDING ADOPTION FACTBOOK DEVELOPED BY UTAH CITIZEN

Mr. HATCH. Mr. President, I am pleased to bring to the attention of my colleagues an important resource related to the adoption of children. Recently, the national news media have been talking about adoption statistics—data that has not been collected by the Federal Government since 1975. As it turned out, it took the efforts of a national voluntary organization, the National Committee for Adoption, to gather this important data and make it available to policymakers, to those who offer services to women with crisis pregnancies, and to the tens of thousands of families who would like to adopt but can't. This data was published as part of the "Adoption Factbook."

The person who is primarily responsible for the data gathering is Ione J. Simpson. She found the right resources and worked with States to obtain this information without a costly and cumbersome Federal program. Ione is a career social worker and long-time employee of the LDS Social Service system who did the data-gathering design, while on sabbatical, as a staff member of the National Committee for Adoption. Ione is a resident of Salt Lake City, and my staff and I had the opportunity to meet and work with her while she was in Washington for a year's work as Director of Public Policy and Professional Practice for the National Committee.

Those of us in Utah take pride in our willingness to look at all the facts and make decisions based on those facts. In the case of adoption, thanks to Utah resident Ione Simpson, we now have the facts we need to make better decisions affecting all children who need homes—healthy infants, special needs children, and children from other lands who look to America as their only chance for permanence.

IN SUPPORT OF THE INCREASE IN BENEFITS OF SERVICEMEN'S GROUP LIFE INSURANCE

Mr. COCHRAN. Mr. President, I support enthusiastically the proposal to increase the servicemen's group life insurance benefits from $35,000 to $50,000. I think this increase should be retroactive to include those brave Americans who were killed in the Beirut bombing in 1983.

The recent tragedy in Gander, Newfoundland, which took the lives of 250 members of the 101st Airborne Division, including 2 young soldiers from my State of Mississippi, is being felt by families throughout the Nation. This increase in insurance benefits would not replace the departed loved ones, but could help provide for those families now facing an uncertain future.

Each and every day, American soldiers, sailors, airmen, and marines risk their lives for their country. Major tragedies such as the Gander crash and the Beirut bombing focus our attention, but there are lives lost by service men and women almost daily which do not receive the Nation's attention. The loss of the surviving families, however, is just as real.

On August 19, 1981, two Navy F-14's from the U.S.S. *Nimitz* were attacked and subsequently shot down two Libyan fighters. The F-14 squadron commander and lead pilot was Comdr. Hank Kleeman. A 1965 Naval Academy graduate, he had served his country wherever he was needed, and when called upon this August night, he did not hesitate. His actions made all Americans, including his wife and four children, proud. He was subsequently promoted to captain and assigned as commanding officer of Air Test and Evaluation Squadron Four in California. On the morning of December 3, 15 days ago, Capt. Hank Kleeman was killed in an aircraft accident.

The increased insurance will not provide financial security for the survivors of Hank Kleeman, but it will help to provide a promise of education for his four children. It will do the same for the families of those who were killed at Gander, at Beirut, and throughout the world. This legislation would have a major positive impact on the families who deserve our support the most.

THE OIL BUST

Mr. BOREN. Mr. President, as I have previously mentioned on the floor, I have written Finance Committee Chairman Senator ROBERT PACKWOOD requesting hearings early next year on my proposal to put in place an oil import fee.

Mr. President, as I said then, we should be prudent and put in place a safety net for the goals we have achieved in energy conservation, for America's domestic energy, and the country's financial system which funds that industry.

We should act now to prevent the disastrous effect sudden sharp drops in the price of oil would have on our economy. Prices may not fall dramatically, and the tiers of an oil import fee may not ever be necessary. But we should protect against the possibility of that happening, and not wait until a potential problem becomes a full-blown crisis.

Mr. President, I urge my colleagues to read the column written by Charles Krauthammer and printed today in the Washington Post, and I ask that the column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

THE OIL BUST

If the strain of all the good will, cheer and generosity of the season has left you thoroughly exhausted, I offer relief: a few minutes of sweet, unmitigated vindictiveness. OPEC is dead. Time for rejoicing.

Astute observers detected the first sign of the end of the oil era not in the financial pages, but in the sudden disappearance from TV screens of the Santa Gertrudis cattle. You remember: the Exxon ads that, years ago, showed the happy herd milling about in peaceful coexistence with a Texas refinery, living proof of Big Oil's neighborliness.

When oil was king, ads could disdain anything so crude as product promotion. No more tigers in the tank. Ads were for image. Seen the ads lately? The Santa Gertrudis are gone. And the tiger, promising better performance and symbolizing good old grasping competition, is back. So is the oil market.

For almost 10 years OPEC *was* the market. No longer. Earlier this month OPEC collapsed as a cartel. The beauty is that OPEC destroyed itself. The massive oil shocks of 1973 and 1979-80 stimulated so much energy conservation and non-OPEC production that OPEC now sells only a third of the free world's oil, down from almost two-thirds in its heyday. Thanks to its greedy formula of curtailing production to raise prices, OPEC gratuitously forfeited much of its market share—*the* measure of economic power—to others, such as Mexico, Britain and Norway.

Ah, greed. A recent analysis by the London-based Economist shows that had

OPEC raised prices merely non-extortionately, say, in accord with GNP increases in the West, it would over the past six years have accumulated exactly the same total income ($1.3 trillion). But it would now have (1) a steadier and higher price, (2) a one-third greater, and probably controlling, share of the world market and (3) reason to smile. Instead of being at the edge of a rising income curve, it is now at the edge of a cliff. Who says there is no justice in the world?

OPEC, of course, has another word for greed. At the December OPEC meeting, Tamunoeni David-West, Nigeria's oil minister, said, "Nigeria has made enough sacrifices to promote the ideals of OPEC." The beneficiaries of past OPEC idealism—the battered economies of the West and the ruined economies of the oil-poor Third World—welcome OPEC's retreat from highmindedness.

The news, however, is not unequivocally good. Oil prices, now at $28 per barrel, are perched for a free fall. Since Persian Gulf crude costs about $2 per barrel to produce, there is no telling how great the fall could be.

That is very good news for the world's economies, but it carries a threat.

Chevron Chairman, George Keller, once called it the Velvet Trap scenario: a sharp drop in oil prices leads to an increase in consumption, a slowdown in energy substitution out of oil, and a decrease in marginal production from expensive non-OPEC, wells, such as those in the Arctic and the North Sea. Gas is guzzled, wells shut down, the market tightens, and, in the 1990s, the trap closes: a crisis, a panic, another oil shock.

What to do? The solution is an oil import fee. Let it go into effect only if the price falls below the current $28. If the world price is $18, the tax is $10. If it is $23, the tax is $5. If it is $28, the tax is zero. That way no one pays a penny more for gas or heating oil than he does today. Adjusted, say, every three months to reflect the average world price, such a tax would soak up windfall only.

The effects are clear. It would keep consumption from rising. (In 1984, with prices falling, U.S. oil consumption rose 3.2 percent.) And, by maintaining at $28 the price offered domestic producers, it would keep a lot of marginal wells from shutting down. (Already the expectation of lower oil and gas prices has caused the number of U.S. rotary drill rigs in operation to fall to the lowest level since 1976.)

Why would anyone oppose such a boon? The president because he has a tax allergy and supply-siders because they don't want to take away the stimulative effect of an oil price drop.

Tax allergies are incurable, but perhaps one can reason with supply-siders. An oil import fee does not abolish the stimulate effect of an oil price drop. It merely reallocates it. The money—at $10 per barrel, $15 billion per year—is not lost. It simply gets collected by government instead of being passed on directly to oil users as a reward for energy waste.

The point of an oil import fee is to raise the (relative price of oil. The windfall does not disappear, nor the stimulative effect. In theory, the oil tax money could be refunded in the form of lower income tax rates. The Gramm-Rudman era, even the most starry-eyed supply-sider will concede, is not a very good time for that. Well, then, an oil fee could narrow the deficit and obviate the need for corresponding—anti-stimulative—spending cuts.

If there ever was a best-of-both-worlds idea, this is it. The last time it was broached in Congress was by Senate Budget conferees in July. One colleague put it to Sen. David Boren: "The oil import fee makes so much sense that Congress probably won't pass it." It didn't. It should.

MYTH OF THE DAY: TERRORISM, IT CAN HAPPEN HERE

Mr. PROXMIRE. Mr. President, the myth of the day is something very basic to all of us. To you, to me, to all Americans, namely the threat of international terrorism and the feeling that it can't happen here.

Terrorism, I'm sorry to say, is going to be a fact of life for us and will loom like a dark, deadly shadow over the international political landscape for the rest of the century. And that is not a happy thought.

Am I being some sort of Cassandra, bringing warnings that no one heeds? I sincerely hope not. Let's take a look at the facts.

From 1975 to early 1985, terrorists struck more than 5,000 times worldwide. And the tragic legacy: 4,000 dead and 8,000 wounded. Last year alone, the U.S. Government counted nearly 600 international terrorist acts.

Now, if those numbers are not grim enough consider this: a recent study by the Rand Corp. says terrorist acts are rising at an annual rate of 12 to 15 percent. And in that same report there is something that could be even more ominous: that terrorism is becoming commonplace, even routine or ordinary. What an outrageous thought that something as heinous as the hijacking of the cruise ship *Achille Lauro* and killing of an elderly, paralyzed American could become routine. No decent person, anywhere on this planet, can accept such acts as routine.

And we have other things to worry about: state sponsored terrorism. I guess it is not enough that individual madmen murder the innocent, now we have the specter of outlaw states aiding and abetting these blood-thirsty killers.

Share another nightmare with me: nuclear terrorism. Preposterous, you say? I think not. Nuclear proliferation has brought atomic materials and the knowledge of how to build a bomb to more countries. Now imagine for a moment an outlaw nation giving a terrorist band an atomic bomb. That would be a catastrophe! If you added all the world's terrorist acts from Munich 1972, to the *Achille Lauro*, it could never equal the horror of a city-destroying atom bomb in the hands of terrorists.

The fact is we have grown complacent about terrorism. That could be tragic.

We see the pictures from Lebanon and assume what happens there can't happen here. I wish that were true. Alas, it is not.

How many remember last year's terrorist bombing right here in the U.S. Capitol? We have been very fortunate so far. The U.S. Capitol bombing killed no one. But what about next time? There is absolutely no indication that terrorism will vanish overnight.

So, what is to be done? Do we cower in fear, ignoring the problem, hoping it will go away? Hardly! There are several concrete, relatively simple steps we can take.

We should continue to beef up physical security. That means checking more bags, inspecting more briefcases. Inconvenient? Sure it is. But it is far simpler and far cheaper to make these checks rather than wishing we had after some strategy.

We need better security for our Americans abroad. The United States is always going to be a prime target with our extensive official and commercial ties overseas. We don't need another Lebanon with an Embassy destroyed or Marines blown up.

Better intelligence efforts to root out these enemies of decent people is another step. And based on that close cooperation with other countries to identify terrorists before they strike. We must label those rogue nations who help terrorists.

Most of all we must realize it can happen to us. Terrorism can strike here. That doesn't mean living in fear. Absolutely not! It does mean being aware that we could have serious problems if we don't work vigorously to stamp out this scourge of international terror.

"STAR WARS" WILL INCREASE THE LIKELIHOOD OF NUCLEAR WAR

Mr. PROXMIRE. Mr. President, there are a series of reasons why the SDI or "star wars" program can develop into one of the most tragic mistakes in this country's history. First, it now seems clear that there is an overwhelming consensus on the part of the most knowledgeable supporters of this program that it can never protect American cities. The President has said that SDI can eventually do this. He apparently believes it. But the President is virtually alone in this conviction. In December in a series of three lengthy reports Charles Mohr wrote a detailed analysis of the SDI or star wars in the New York Times. Mohr talked with virtually all the top experts on star wars both in the administration and outside of the administration. He concluded that whereas 18 months ago some star wars supporters still thought that a "near perfect" defense was possible, this is no longer the case. Mohr reports:

Instead of stressing the goal of a defense that is nearly perfect by the standard of how many Soviet nuclear warheads it could shoot down, Administration figures now

stress that if "Star Wars" could only deny the Russians the ability to destroy the key military targets, which the Administration perceives to be the Russians' only goal, it would be good enough.

The study by the Office of Technology Assessment found a series of reasons why the SDI would be more likely, not less likely, I repeat more likely to bring on a superpower nuclear war. First, if both superpowers had similar but limited defenses, whichever superpower struck first would have a major advantage because it could knock out much—though not all of its opponent's nuclear arsenal.

Why is this? Consider: What does the SDI need to succeed? Any chance of a successful star wars defense depends on a sharp reduction of the adversary's nuclear arsenal. How can this be achieved most surely? Answer: A preemptive attack could provide precisely that. This is why the Office of Technology Assessment has concluded that if both sides deploy and SDI system, as the President has proposed, the prospect of a preemptive Soviet strike would sharply increase. As OTA observes:

Even a limited Soviet defense would have to deal only with a "ragged response" from a diluted United States retaliatory arsenal.

Of course a dangerous possibility is a situation in which the defenses of each nation are vulnerable to a preemptive strike by the other side. What happens under those circumstances? What happens is that whichever adversary strikes first has a huge advantage. Result: mutual deployment of SDI will make a super power nuclear war far, far more likely.

Mr. President, one of the most revealing disclosures in the OTA report as described by Charles Mohr in the New York Times is the result of a war games scenario that simulates star wars defenses. One Soviet affairs specialist described it this way:

We found we were playing against defense contractor personnel and others who know nothing about Soviet doctrine. It took our whole team, the Red team, less than 20 minutes to agree that our first counter to "Star Wars" would be to increase offensive missile numbers. Their team, the Blue team, said, "No, that is not how the Soviets think." Every step we took surprised them.

In a later speech I intend to discuss the cost of "star wars" as it will affect not only the research, the production and the deployment of immensely expensive hardware, but the additional cost of supplementing an SDI system with a new immensely costly air defense and a vast new, hugely expensive civil defense system. What a tragedy! We may be on the verge of pouring the economic, scientific, and manpower resources of this great Nation into far-and-away the most costly system the world has ever seen. What happens when we have it? We will find it will not work except on one terrible condition. It will work only if we initiate the first strike. We will know that our adversary, the Soviet Union, will face the same dilemma. They too will have some kind of an SDI which they also know means their best chance of survival will be to strike before the United States does. What does that kind of situation do to the prospect of nuclear war? Will we be better off? Consider what the President's preeminent spokesman on foreign policy, our Secretary of State George Shultz, said just last December 10. He said:

In the 1980's and beyond, most likely we will never see a world in a total state of peace or a state of total war. The west is relatively very well prepared to deter an all-out war, or a Soviet attack on western Europe or Japan; that's why these are the least likely contingencies.

The Secretary of State was telling us that the prospect of super power nuclear war right now is remote, and it will remain remote for years to come. But all that changes with Star Wars. The real tragedy is that our multitrillion-dollar folly will sharply increase the likelihood of nuclear war. What a way to throw away a few trillion dollars.

GENOCIDE CONVENTION: ANOTHER MISSED OPPORTUNITY

Mr. PROXMIRE. Mr President, as the gates of 1985 begin to close, we see once again that Congress has failed to act upon the Genocide Convention. This should have been the year for passage. The administration had given its full support. Ominous developments abroad in the form of brutal human rights abuses indicated that ratification was vital and absolutely necessary. The year 1985 even marked the 40th anniversary of the end of the Second World War and the Holocaust. If ever there seemed an opportune time, it was this year.

The legislative agenda for next year appears busier than ever. Looking ahead, we can expect to face such heavyweight issues as Conrail, tax reform, campaign reform spending, and provisions implementing Gramm-Rudman.

Is there any room for the Genocide Convention, which has been sidestepped and brushed aside for more than three decades?

We must make room for this treaty. We must demand a firmer commitment for ratification of the Genocide Convention. For what we need now more than at any time before is stronger leadership in the cause of human rights and against genocide around the world.

Mr. President, it is essential that we move ahead early next year if the Genocide Convention is to have a realistic chance for consideration next year. We need a commitment here and now from the leadership of the Senate to set a date certain for consideration of the treaty. We need a commitment now from the White House to put the full weight of the President's authority behind this effort.

We have waited an entire generation for the Senate to act on this treaty. We must not wait any longer.

DEATH OF FRANK ARTHUR CAMPBELL

Mr. FORD. Mr. President, it is with great sadness that I relay to the Senate news of the untimely death of Mr. Frank Arthur Campbell. Since 1978, Frank served within the Educational Services and Support Division of the Senate Computer Center. As an instructor and consultant for the Senate's legislative computer applications, Frank was well known and highly esteemed by staff members from many corners of Capitol Hill.

Frank distinguished himself as an honors graduate of Paul Quinn College in his native Waco, TX. He later became an elementary school teacher, first in Waco and later within the Waterloo, IA, school system. His teaching expertise and personable manner were well applied in his years at the Senate; many a staff member learned how to use the Senate's LEGIS system under Frank's careful and caring guidance.

Painful as they were, Frank's last days were considerably brightened by the closeness of the many family members and friends who traveled to be with him in illness. On behalf of the Senate, I wish to extend special condolences to Frank's mother, Mrs. Dora L. Campbell, and to his sister Alma Faye and brother Larry who traveled from Waco to comfort Frank.

I am sure I speak for the entire Senate in saying that Frank's warmth and compassion will be sorely missed.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 2 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, an-

nounced that the Speaker pro tempore [Mr. WRIGHT] has signed the following enrolled bill:

S. 1706. An Act to authorize the Architect of the Capitol and Secretary of Transportation, in consultation with the Chief Justice of the United States, to study alternatives for construction of a building adjacent to Union Station in the District of Columbia, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. THURMOND].

At 2:40 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the text of the bill (H.R. 4006) to extend until March 15, 1986, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the Railroad Unemployment Insurance Program, and to amend the Internal Revenue Code of 1954 to extend for a temporary period certain tax provisions of current law which would otherwise expire at the end of 1985, with an amendment, in which it requests the concurrence of the Senate, and that the House agrees to the amendment of the Senate to the title of the bill, with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 255. Joint resolution relating to the convening of the second session of the Ninety-ninth Congress.

ENROLLED BILL SIGNED

The Vice President announced that on today, December 20, 1985, he signed the following enrolled bill, which had previously been signed by the Speaker of the House of Representatives:

S. 1884. An act to amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, December 20, 1985, she had presented to the President of the United States the following enrolled bills and joint resolutions:

S. 1706. An act to authorize the Architect of the Capitol and Secretary of Transportation, in consultation with the Chief Justice of the United States, to study alternatives for construction of a building adjacent to Union Station in the District of Columbia, and for other purposes.

S. 1884. An act to amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes;

S. 1918. An act to change the date for transmittal of a report;

S.J. Res. 189. Joint resolution designating the week beginning January 12, 1986, as "National Fetal Alcohol Syndrome Awareness Week";

S.J. Res. 198. Joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine"; and

S.J. Res. 235. Joint resolution to designate the week of January 26, 1986, to February 1, 1986, as "Truck and Bus Safety Week".

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GOLDWATER, from the Committee on Armed Services:

The following named officers for posthumous promotion to the grade indicated under the provisions of article II, section 2, clause 2 of the Constitution of the United States of America:

ARMY

To be captain

Lt. John K. Kosh, [redacted].
Lt. Paul D. Long, [redacted].
Lt. Joey McCarty, [redacted].
Lt. Barry C. Powell, [redacted].

To be chief warrant officer W-4

CWO3 Robert A. Bowen, [redacted]

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ABDNOR:

S. 1998. A bill to amend the Internal Revenue Code of 1954 to provide for the repayment of the tax imposed on fuel in diesel-powered automobiles or light trucks; to the Committee on Finance.

By Mr. DANFORTH:

S. 1999. A bill to regulate interstate commerce by providing for a uniform product liability law, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BYRD (for Mr. ROCKEFELLER (for himself and Mr. BYRD)):

S. 2000. A bill to clarify the exemptive authority of the Securities and Exchange Commission; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABDNOR

S. 1998. A bill to amend the Internal Revenue Code of 1954 to provide for the repayment of the increased tax imposed on fuel used in diesel-powered automobiles or light trucks; to the Committee on Finance.

REPAYMENT OF INCREASED TAX ON DIESEL FUEL

● Mr. ABDNOR. Mr. President, when the 1984 Deficit Reduction Act was passed, the diesel fuel tax was raised 6 cents per gallon to repair the damage created by large trucks on our highways. Unfortunately, this tax was also levied against owners of automobiles and small trucks. This places an unneeded financial burden on these owners.

My legislation would correct this injustice by providing a rebate to consumers who own diesel-powered autos and light trucks of the tax they pay. Damage to our highways cannot be attributed to these people at all, and corrective action must be taken.

These people bought these diesel-powered vehicles when the energy crunch was real. They now wind up paying for their innocent attempt to conserve fuel. I urge my colleagues to support this measure, so the injustice can be corrected. My colleague on the House side, Mr. SCHULZE already has legislation introduced. If we want fairness in our legislation, then this bill will receive the due consideration it deserves.●

By Mr. DANFORTH:

S. 1999. A bill to regulate interstate commerce by providing for a uniform product liability law, and for other purposes; to the Committee on Commerce, Science, and Transportation.

PRODUCT LIABILITY VOLUNTARY CLAIMS AND UNIFORM STANDARDS ACT

● Mr. DANFORTH. Mr. President, I rise today to discuss the issue of product liability reform. As chairman of the Senate Committee on Commerce, Science, and Transportation, I believe that there is no more important subject before the committee than the cost and scarcity of liability insurance, and the underlying need for product liability reform.

Traditionally, product liability has been a matter left to State law, but today the morass of product liability law is a problem of national concern that requires congressional action. The product liability system is costly, slow, inefficient, confusing, and unpredictable. It hurts business, consumers, and our competitive position in world markets.

The present patchwork of inconsistent, often contradictory State laws makes it difficult for manufacturers to know what standards they will be held to in manufacturing a product. It delays justice to those victims truly deserving compensation, and it encourages lawyers to solicit half-hearted plaintiffs in the hope of recovering windfall contingent fees.

The confusion in product liability laws leads not only to excessive litigation but to unpredictable insurance costs. The result is that an increasing number of American firms cannot purchase insurance coverage that is adequate to protect against potential liability. At the same time, many consumers who are injured by defective products and deserve compensation are unable to recover damages or must wait years for recovery. They find themselves caught in a legal lottery in which identical cases can produce dif-

ferent results in different jurisdictions. When they recover, they sometimes find that they receive less in damages than the total legal costs and expenses involved in the case.

Manufacturers seek certainty about the scope and extent of their liability. Consumers seek swifter, more certain recovery, and both groups seek to avoid the high transaction costs of litigation. It is time for a new approach to the problems of our product liability system that unites manufacturers and consumers, in recognition of the fact that their interests, while different, are not necessarily conflicting.

After Senator KASTEN's product liability reform bill, S. 100, became deadlocked in the Commerce Committee, the Committee held hearings on alternatives to S. 100 proposed by Senator DODD and Senator GORTON. I then directed the Commerce Committee staff to begin the formulation of such a new approach to product liability reform that combines uniform product liability standards, along the lines of the KASTEN bill, with an alternative claim or compensation system, similar to those proposed by Senator DODD and Senator GORTON.

I did so, because I believe that such an approach is essential to product liability reform and the only way to develop viable legislation that would have a broad base of support from manufacturers, consumers, and labor. The basic idea is to establish uniform Federal standards for product liability litigation and, at the same time, to get as many people as possible out of the courts and into a simple, expedited claim system that provides swift and more certain recovery without the costs of protracted litigation.

Mr. President, this approach now is embodied in a staff working draft of product liability legislation that originally was released for public comment last July. This draft, which since has been revised, gives a person injured by a defective product a choice between a new, expedited claim system and traditional litigation. If the injured person chose to litigate, he could seek recovery for damages, including pain and suffering and punitive damages, in a traditional lawsuit that would be governed by uniform Federal standards that preempt State law and that would be based primarily on negligence or fault—not strictly liability. As an alternative, without going to court, a person seeking recovery for harm caused by a product could file a claim directly with the manufacturer to recover only net economic loss—actual out-of-pocket expenses incurred as a result of the harm, which are not reimbursed by other sources.

No recovery would be permitted within the claim system for pain and suffering or punitive damages, but the burden of proof for recovery would be much lower than that of the traditional litigation system. This would not be an absolute "no-fault" claim system, but the standard for recovery would be much easier to meet and there would be greater certainty of recovery.

Under this proposal, once a claim is submitted, a manufacturer must respond within 90 days. If the manufacturer only disputes the amount to be paid for net economic loss, this issue goes to binding arbitration. If the manufacturer denies liability or fails to respond to the claim, the claimant has a choice. The claimant may initiate a traditional lawsuit under new uniform Federal standards. As an alternative, the claimant may seek expedited limited judicial review within the claim system. Such review would be under the claim system liability standard without a jury and with recovery limited to net economic loss. Once judicial review has been sought within the claim system, it cannot be pursued in traditional litigation for the same harm. Likewise, once traditional litigation has been initiated, a person cannot use the claim system to seek recovery for the same harm.

Mr. President, this staff working draft also gives special treatment to toxic harm caused by long-term exposure to products. The particular concern here is to address the problems many individuals have with respect to identification of the manufacturer and with respect to proof of causation in long-term latency disease cases, particularly those involving occupational diseases. We are seeking a simplified mechanism to resolve the disputes as to causation that now make it very difficult and costly to assess liability in such cases.

The response to this proposal has been encouraging. A very constructive approach was taken by all those who commented on the first draft, and after these comments were reviewed, a second staff working draft was released on November 27. This draft clarifies the provisions of the original and addresses concerns raised in many of the comments on the first draft submitted to the committee by manufacturing, labor, and consumer groups, as well as by others.

Of course, it is important to remember that this is only a staff working draft and it still would be premature to endorse specific provisions of the draft, but I think that we are making real progress in addressing the problems of product liability in a fair and comprehensive manner, and I ask unanimous consent that the second staff working draft be printed in the RECORD for review by my colleagues and all those interested in product liability reform.

The current crisis with respect to the availability of liability insurance only underscores the urgent need for product liability reform. It is my hope that the Commerce Committee can begin hearings on this new draft early in the next session and that we can move ahead as expeditiously as possible to fashion product liability reform legislation that efffectively and fairly addresses the problems of manufacturers, product sellers, workers, and consumers. It is my hope, as well, that those who study this draft proposal will share their views and concerns with the committee as soon as possible.●

ADDITIONAL COSPONSORS

S. 837

At the request of Mr. HEINZ, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 837, a bill to amend the Social Security Act to protect beneficiaries under the health care programs of that act from unfit health care practitioners, and otherwise to improve the antifraud provisions of that act.

S. 1378

At the request of Mr. DURENBERGER, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 1378, a bill entitled the "Long Term Care Insurance Promotion and Protection Act of 1985."

S. 1710

At the request of Mr. BYRD, his name was added as a cosponsor of S. 1710, a bill to establish a motor carrier administration in the Department of Transportation, and for other purposes.

S. 1721

At the request of Mr. RIEGLE, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1721, a bill to amend the Social Security Act to provide for improved procedures with respect to disability determinations and continuing disability reviews and to modify the program for providing rehabilitation services to individuals determined under such act to be under a disability, and for other purposes.

S. 1855

At the request of Mr. QUAYLE, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1855, a bill to revise the provisions of the Public Health Service Act relating to health planning.

S. 1860

At the request of Mr. MOYNIHAN, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 1860, a bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote U.S. and for other purposes.

S. 1880

At the request of Mr. GORTON, the name of the Senator from Indiana [Mr. QUAYLE] was added as a cospon-

sor of S. 1880, a bill to amend the Internal Revenue Code of 1954 to clarify the treatment of travel expenses in the case of construction workers.

S. 1889

At the request of Mr. DENTON, the names of the Senator from Nevada [Mr. LAXALT], the Senator from North Carolina [Mr. EAST], the Senator from North Carolina [Mr. HELMS], and the Senator from Idaho [Mr. SYMMS] were added as cosponsors of S. 1889, a bill to amend title 11 of the United States Code, relating to bankruptcy, to prevent discharge of administratively ordered support obligations.

S. 1912

At the request of Mr. DANFORTH, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1912, a bill to provide for a 6-month extension of certain temporary provisions relating to the Internal Revenue Code of 1954.

S. 1940

At the request of Mr. DENTON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 1940, a bill to protect the security of the United States by creating the offense of international terrorism, and for other purposes.

S. 1941

At the request of Mr. DENTON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 1941, a bill to protect the security of the United States by providing for sanctions against any country that provides support for perpetrators of acts of international terrorism.

S. 1942

At the request of Mr. DENTON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 1942, a bill to amend title 10, United States Code, to improve the security of U.S. military installations.

S. 1966

At the request of Mrs. KASSEBAUM, the names of the Senator from South Dakota [Mr. PRESSLER], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of S. 1966, a bill to provide for efficient and equitable use of operating rights at congested airports, and for other purposes.

SENATE JOINT RESOLUTION 237

At the request of Mr. GRAMM, the names of the Senator from Illinois [Mr. DIXON], and the Senator from North Carolina [Mr. HELMS] and the Senator from South Carolina [Mr. HOLLINGS] were added as a cosponsors of Senate Joint Resolution 237, a joint resolution to designate the month of January 1986 as "United States Savings Bonds Month."

SENATE JOINT RESOLUTION 249

At the request of Mr. DENTON, the name of the Senator from Idaho [Mr. SYMMS], was added as a cosponsor of Senate Joint Resolution 249, a joint resolution to proclaim October 23, 1986, as "A Time of Remembrance" for all victims of terrorism throughout the world.

SENATE CONCURRENT RESOLUTION 94

At the request of Mr. DENTON, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of Senate Concurrent Resolution 94, a concurrent resolution expressing the sense of the Congress that the President should declare a State of national emergency with respect to terrorist acts committed against nationals of the United States.

AMENDMENT NO. 1423

At the request of Mr. HOLLINGS, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of amendment No. 1423, intended to be proposed to S. 1404, an original bill to require the President to respond to unfair trade practices of Japan.

AMENDMENT NO. 1424

At the request of Mr. HOLLINGS, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of amendment No. 1424 intended to be proposed to S. 1860, a bill to amend the Trade Act of 1974 to elimate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote U.S. exports, and for other purposes.

AMENDMENT NO. 1425

At the request of Mr. HOLLINGS, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of amendment No. 1425 intended to be proposed to S. 1837, a bill to establish a National Trade Data Bank, to provide authority to revise certain trade and financial agreements, and for other purposes.

AMENDMENT NO. 1426

At the request of Mr. HOLLINGS, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of amendment No. 1426 intended to be proposed to H.R. 3722, a bill to extend until December 14, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the Railroad Unemployment Insurance Program.

AMENDMENT NO. 1427

At the request of Mr. HOLLINGS, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of amendment No. 1427 intended to be proposed to S. 942, a bill to promote expansion of international trade in telecommunications equipment and services, and for other purposes.

ADDITIONAL STATEMENTS

CARGO PREFERENCE

● Mr. BOSCHWITZ. Mr. President, I want to take this opportunity to clarify one point concerning the cargo preference provisions in the farm bill. As one who was quite involved in the last minute negotiations with the House Members, I feel it is important to share my understanding of the intent of the final legislation.

The one issue I wish to specifically address is that of the definition of availability. The initial Senate amendment stated that the Secretary of Transportation shall "give due consideration to the availability of U.S.-flag vessels to transport the commodities."

The House amendment that was then adopted eliminated this language as a technical amendment because it was not necessary to redefine availability—as it is already defined in the Merchant Marine Act, and we are amending that act with the compromise.

In fact Mr. President, the description of the amendment circulated by the Merchant Marine Committee's Chairman WALTER JONES, stated both the purpose and the reason for the change, and I quote from his text: "Strike redundant paragraph; covered in Merchant Marine Act."

Given this, I want to make the point clear that nothing in this bill should be construed as changing the definition of availability, and further, this legislation is not intended to interfere with any pending litigation dealing with the legal issues surrounding the availability exception of the act.●

THE CONGRESS-BUNDESTAG YOUTH EXCHANGE PROGRAM

● Mr. LUGAR. Mr. President, I would like to share with you several letters which were received from high school students from Germany who spent a year in the United States as participants in the Congress-Bundestag Youth Exchange Program. Each student lived with a host family and attended an American high school. These letters are evidence that youth exchange programs such as the Congress-Bundestag Youth Exchange Program encourage a better understanding between young people throughout the world.

First of all I want to express again my thanks for making my stay here in the United States possible. It has been a fantastic experience and I'm especially grateful because I would not have been able to come as an exchange student if it wouldn't have been with the Congress-Bundestag Youth Exchange Program.

Since I'm very interested in politics, this year has been a fortunate one with the election last fall, the arms talks, discussions about Central America, the 40th anniversa-

ry of WW11 or President Reagan's visit to the cemetery in Bitburg. It was great to get to know so many vital political issues of the American point of view (that is often similar as it was regarding farm problems for example) because I got to see a whole new span of aspects in most of them (American involvement in Central America). This is so extraordinarily great because U.S. politics are so world-important! If I came to America with a neutral position towards this country I go back as Pro-American, in most respects anyway, and say that our relation in the Western Alliance is an enormous valuable one!

But I did not only get to love America, I got to love my own country also. After the first few weeks I saw my own background so clearly, I got to understand my own culture and it became so obvious how I became what I am. It became evident how much each country's culture develops and how each country is the immediate product of its history.

During this period of understanding I started for the first time in my life to be proud to be German—because we are in a way unique and special . . . At the same time I accepted the American way for here but still felt more comfortable with our way and was glad Germany is the way it is . . .

Pretty soon my attitude changed into loving this country, its uniqueness, its originality. I love it because it is so young and consists of so many different peoples-which are all Americans. You could not judge or determine somebody's nationality by race or skin color . . . there's such a variety of Americans. (Unfortunately I understand that there's a lot of racism especially in the South though . . . I myself did not meet many black people in the Midwest.)

There's so much space around here-you go miles and miles without seeing anybody else . . . (In Nebraska anyway . . .) And I was so much "into America" that I forgot my own language to a large degree . . . By now this extreme mood has gone over into loving both countries, this and mine. There are negative things here and there and I feel "in place" in both nations.

I don't think my personality has changed very much during my stay, but this is difficult to judge for myself! If it has, it will show as soon as I am home . . . I am more self-aware though and know more about myself as where or what I want to be and I'm more comfortable in asking favors of other people. Going back I'll leave a home and many friends and since I'm pretty attached to everything I'm going to miss it a lot. But I'm looking forward to going home, too.

I feel like I served my country in a unique way mainly through sharing attitudes, experiences, etc. And I feel that every exchange student does. But I believe that I also added a lot to the knowledge of American people. Exchange programs like this are certainly very special and an excellent way for Americans to get acquainted with other cultures and countries. I'm happy to be part of its cause. There's a time when the world must come together as one!

Sincerely,

MELANIE GRIMM.

Melanie Grimm from Worth, West Germany, 17 years old, hosted by Mr. and Mrs. Tim Mattson, Holdridge, Nebraska.

There were times in this year when I couldn't understand why the people acted different than I expected them to act. But this was because the difference in culture is not only "Levi's", "Coke, and McDonald's", culture is also the way people live together. I made the experience that the people here are very friendly and I think that friendliness is the highest culture any country can have. I am of the opinion that you can't judge a country because of the things you have heard or seen of it. To study a country, you have to live there for a while. Only if you live there for a while can you understand the people living there, because you are a part of them.

Norbet Czech from Regensburg, West Germany, hosted by Mr. and Mrs. John Kohout, Bellevue, Nebraska.

My being an exchange student will have a great impact on my further life. I am now decided that my future work will have to do with foreign countries. I want to work as much as possible for the understanding of the world. Even though this might not have great effect directly, but I believe if everybody tries this both countries can associate closer and understand each other better.

Frederic Pflanz from Ludwigshafen, West Germany, 17 years old, hosted by Mr. and Mrs. David Dyer, Kankakee, Illinois.

First of all, this year will be unforgettable for me. This year was a full success. I experienced a new way of life, very different from the way at home. I have made new friends. I have a second family which loves me as much as my family at home in Germany. . . .

It is very good that the Congress of the United States and the German Bundestag support such student exchange. I like to thank YFU and the Congress-Bundestag Program for a wonderful, filled with experiences year.

Cordula Buengener from Stukenbrock, West Germany, 17 years old, Richard and Kathy Fitzgerald, Wyoming, MI.●

THE CHANGING VIEWS ABOUT FOREIGN RELATIONS IN KANSAS CITY

● Mr. SIMON. Mr. President, whether we want to acknowledge it or not, people in our country are gradually acquiring more and more of an international sensitivity just as people in other countries are.

I visited recently with Eugene Trani, vice chancellor for academic affairs at the University of Missouri-Kansas City, and he handed me a document about Kansas City and foreign relations.

While Kansas City is some distance from my State of Illinois, my guess is that what he has written about Kansas City could be written about cities in every State in the Nation.

The more open our citizens are to this type of international development, the more likely they are to advance economically.

I believe my colleagues will be interested in Dr. Trani's comments. I ask that they be printed in the RECORD.

The comments follows:

THE CHANGING VIEWS ABOUT FOREIGN RELATIONS IN KANSAS CITY

(By Eugene P. Trani)

Because the Royals won the World Series, the American people have just discovered Kansas City. But in this discovery the Americans have finished behind the Russians and the Chinese. The Soviet people learned about Kansas City in an hour-long documentary, "In the Middle of America," shown on Soviet television in 1983, and the Chinese from a documentary, "Edgar Snow's Hometown," shown earlier this year on Chinese T.V. Therein lies a tale worth analyzing. Kansas City is in some ways better known outside the United States than in New York City, San Francisco, or Los Angeles. And certainly Kansas City is more heavily involved in foreign relations and demanding a greater voice in the making of the foreign policy than ever before.

Years ago this section of the country prided itself on its isolationist tendencies. It was the center of the isolationism that was so influential in the 1920s and 1930s. Active opposition to the spread of Communism was generally supported in Kansas City and surrounding communities, as were the activities of Senator Joseph McCarthy and his colleagues. Even though President Harry Truman, a major architect of modern American foreign policy, came from the Kansas City surburb of Independence, people here in 1940s, 1950s, and 1960s had little interest in foreign policy and little involvement in foreign relations themselves. What involvement they had was based primarily on moral, idelogical, cultural, or ethnic considerations.

All that has changed in the 1970s and 1980s. Today, Kansas City and the two states—Missouri and Kansas—which make up the metropolitan area now have multiple foreign interests and a great stake in foreign policy.

Much of today's interest and involvement is, of course, economic. Kansas City is the home of the Board of Trade, the world's leading hard red winter wheat trading center. At least 50 percent of U.S. wheat exports are in hard red winter wheat, and the U.S. accounts for 30 percent of the world wheat export trade. The Board of Trade has attracted a complex of agricultural enterprises to Kansas City; all multinational grain companies have offices here. In addition, Kansas City is the home of the Milling and Banking News, the weekly "bible" of the grain industry, which in 1972, first reported the large grain purchases of the Soviet Union. American grain sales—or embargoes—to the Soviet Union or The People's Republic of China are thus a major concern in Kansas City. Agricultural exports from this section of the country have in fact increased dramatically. According to the latest available State Export Reports of the International Trade Administration of the U.S. Department of Commerce, Missouri's agricultural exports grew from $174,000,000 in FY 1968 to $1,404,000,000 in FY 1982, while Kansas' agricultural exports rose from $296,000,000 in FY 1968 to $1,628,000,000 in FY 1982. In both states, $1 out of every $3 in agriculture came from farm exports. There also has been signifcant growth of exports of manufactured goods for both Missouri and Kansas ($634,000,000 in 1969 to $3,013,000,000 in 1981 for Missouri and $241,000,000 in 1969 to $1,517,000,000 in 1981 for Kansas, according to the same source).

This economic interest in exports has led to the creation of a Foreign Trade Zone in Kansas City, and international division of the Kansas City Chamber of Commerce, and the establishment of a number of diplomatic consuls in Kansas City. Kansas City's

Foreign Trade Zone, one of the ten largest and the first inland Foreign Trade Zone in the United States, now totals more than three million square feet and is operated totally by private enterprise, with no government funding. The increased importance of exports has also led to annual trade missions by the Governors of Kansas and Missouri, with Kansas's John Carlin just returning from Europe and Missouri's John Ashcroft just coming back from the Orient. It also has led to much greater interest in foreign policy on the part of Senators Thomas Eagleton, John Danforth, Robert Dole and Nancy Kassebaum and Missouri's and Kansas's members in the House of Representatives. Senator Dole, for example, was a major force in the decision of the United States to drop its grain embargo against the Soviet Union, instituted by President Carter because of Afghanistan and strongly objected to in Kansas City because of damage to Midwestern agriculture. Senator Danforth has become a leading spokesman on the issue of domestic protection. Finally there has been a significant increase in direct foreign investment in both Kansas and Missouri.

But it is not just in the economic area that this increased involvement in foreign affairs is obvious. Kansas City has a very active International Relations Council, with more than 1,000 members, Sister City relationships with a number of cities around the world, including Seville in Spain, Kurashiki in Japan, Tainan City in Taiwan, Freetown in Sierra Leone, and Morelia in Mexico, and a number of cultural and educational relationships. Kansas City's Missouri Repertory Theatre has recently presented the English-language premiers of major Soviet and Chinese plays. And Kansas City, like the states of Missouri and Kansas more generally, has a significant number of foreign scholars studying at its institutions of higher education.

Nowhere is the changing attitude towards foreign relations more obvious than in Kansas City's attitude toward The People's Republic of China. In 1949, Kansas City was a hotbed of criticism for "America's loss of China to the Communists," criticism that extended to favorite son Harry Truman. But Kansas City was also the hometown of the journalist Edgar Snow, author of "Red Star Over China" and a revered figure in modern China. Snow's origin, as well as the activities of some significant Kansas Citians, has led to a special relationship with The People's Republic of China. Thousands of Kansas Citians have visited China and Kansas City is a pilgrimage for many Chinese visiting the United States, leading to close personal relationships.

Kansas City and Xian are in the final stages of formalizing a sister city relationship, and grammer schools, high schools, the University of Missouri-Kansas City (UMKC), hospitals, art galleries, theatres, and many other Kansas City institutions have formal relationships with similar institutions in China. UMKC has formal exchange relationships with such leading Chinese Universities as Peking University, Wuhan University, the Beijing Foreign Studies University, the Central Conservatory of Music, and the University of Science and Technology of China. UMKC has a significant number of Chinese students and professors studying and doing research in Kansas City, including the son of a former foreign minister, the daughter of Deng Xiaoping's personal physician, and the son of China's leading actor. Even Kansas City's Chinese community, which has strong ties to Taiwan, supports Kansas City's relationship with "Communist China."

What do all these Kansas City-based contacts with China and other sections of the world mean? To be sure, they are not unique. All across America, individuals, companies, marketing associations, colleges and universities, cities, and states are involved in similar activities. These involvements have certainly lessened the "control" of the State Department over American foreign policy. Collectively, all these non-Washington relationships are beginning to affect the formulation and implementation of American foreign policy. As economic considerations become an even more critical factor in foreign relations, the private, institutional, and corporate involvements with the world can only grow in significance. The old Logan Act, which prohibits private individuals from negotiating with foreign governments, needs to be updated. Kansas City, and many cities in this section of the country, are beginning to develop foreign policies. Watch out Foggy Bottom!●

INTERNATIONAL EDUCATION EXCHANGES

● Mr. SIMON. Mr. President, my predecessor, Charles Percy, had an article in a special international education supplement to the Christian Science Monitor.

It is an excellent commentary pointing out the importance of international education exchanges.

I urge my colleagues, and the former colleagues of Charles Percy, to read it.

I ask that the article be inserted in full in the RECORD.

The article follows:

STUDY ABROAD: WE STILL HAVE A LOT TO LEARN

(By Charles H. Percy)

As a student at the University of Chicago in the 1940s, I experienced first-hand the excitement that the university's International House and its foreign residents brought to our campus and community.

From heading the early international efforts of Bell & Howell Co. to heading the US Senate Foreign Relations Committee, my interest and commitment to the value of international cultural and education exchange has remained steadfast.

There is no question of the tremendous impact international educational exchange can have in the field of foreign policy. I have seen time and again how a positive study-abroad experience, no matter how brief or modest, can have a life-long impact on an individual's attitudes toward the host country. If those individuals one day become world leaders, the impact is even more striking. In Japan, for example, more than 30 of the 100 current Japanese ambassadors around the world are graduates of programs sponsored by the Institute of International Education (IIE). Japanese Prime Minister Yasuhiro Nakasone knows personally the value of exchange programs through his daughter Meika's experience as an exchange student at Elston High School in Indiana some 20 years ago.

These private- and public-sector experiences have afforded me the opportunity to devote a great deal of time to two international educational organizations—IIE, which through its 14 offices worldwide offers services to foreign students studying in the United States and to US students abroad, and the Hariri Foundation, which sponsors thousands of undergraduate, graduate, and postgraduate Lebanese students in the United States, Canada, and Europe who need financial assistance and who will contribute a whole new generation of leadership to rebuild Lebanon.

Through my association with these two groups, I have seen international students achieve greater awareness of our culture and their own. I have seen students reach for a better understanding of societies in the world, and I have seen students gain a new perspective on their own personal values.

Yet, while more than 340,000 international students are taking advantage of educational programs in the United States, fewer than 1 percent of American students are advancing their own international awareness through study-abroad programs or cross-cultural education.

This apparent lack of interest and awareness is manifest throughout American society:

The United Nations surveyed 30,000, 10- and 14-year-olds in nine different countries, and the results placed the Americans next to last in their comprehension of foreign cultures.

A recent poll also found that 49 percent of Americans apparently believe that foreign trade is either irrelevant or harmful to the United States.

A California professor of world geography was shocked to find the results of a map quiz given to freshman students. One-third of the class did not know where France is, 74 percent could not find El Salvador, 47 percent could not find Japan (many students confused it with New Zealand), 45 percent could not find Iran, and 54 percent could not find Atlanta.

This lack of cross-cultural awareness, however, comes at a time when our social, cultural, and economic environment is becoming increasingly international and interdependent.

Four out of five new jobs in the United States are generated as a direct result of foreign trade. In agriculture, one out of three acres of US farmland is cultivated for export, and approximately one-third of all US corporate profits come from international activities.

Government officials and academics warn that US security and international standing are increasingly threatened by our own inability to train individuals in diplomacy, area studies, and languages.

Clearly, all levels of American education, business, and government need individuals who can successfully function in an international setting.

New and creative ways of raising the American public awareness of the goals and benefits of foreign-exchange programs must be found.

In the field of education, American youth must be exposed to international education and language at an earlier age. New York City has launched a pilot project to teach French, Spanish, and Italian to kindergarten, first-, and second-grade students.

Many major US cities now require all high-school graduates to complete at least one year of foreign-language study. The New York State Board of Regents recently passed a proposal that is aimed at making 50 percent of all high-school students in the state proficient in a foreign language.

In higher education, many colleges and universities are reinstituting language requirements for graduation.

Across the US, educators are trying to broaden the base of cultures and areas students choose for study abroad. Traditionally, international education has been oriented toward Europe. Emphasis now is also being directed to study-abroad programs in third-world countries.

Private organizations like the IIE can help to increase community participation in international educational exchange and provide information and funding for public understanding of the rewards.

Organizations that have country-specific goals, such as the Hariri Foundation, can help bear the responsibility for financing and directing the career development of their own students.

US multinational companies can increase their contribution by developing scholarship programs for students in countries in which they are doing business.

All of us can help create a resurgence of volunteer efforts, including international student houses and home-stay programs.

Advanced technology is also working to improve the environment of international education. Groups such as the National Committee for International Education through Satellites (NCIES) are helping to internationalize education by using live, interactive satellite broadcasts to teach applied skills and theoretical knowledge across national and cultural boundaries.

The NCIES learning system provides for live interaction by placing students in contact with other cultures via two-way television. Native speakers are shown in an overseas marketplace, school, farm, factory, religious celebration, or home. In language education, for example, Spanish classes in Maryland can be linked with Spanish-speaking communities in Miami, or German classes in Pennsylvania can be linked with Bremen, West Germany. The NCIES system can work both ways—by teaching American English to foreign students or by teaching foreign languages to American students.

This innovative technology may prove as valuable to international education as computer technology has been for American industry.

Through efforts like these and other initiatives, we can significantly increase public awareness and understanding of the importance of cross-cultural training. We can also more fully appreciate our own place in a global society.

In recent years our nation's defense budget has increased faster than any other area. But what better "defense" can this nation, or any other, build than through investment in future good will and understanding between our people and future generations of other nations?●

INNA MEIMAN

● Mr. SIMON. Mr. President, I call attention to the case of Inna Meiman, a personal friend of mine in the Soviet Union. Inna's health is poor and deteriorating quickly. She needs medical attention that only the West can provide.

To increase public awareness of Inna's plight, a young Minnesota woman is conducting a hunger strike. Lisa Paul spent 2 years in Moscow and struck up a friendship with Inna. Lisa has been so preoccupied by Inna's situation that she decided to make a public protest.

I commend Lisa for this courageous act of friendship and wish her well.

I ask to print the following article from the Minneapolis Star and Tribune in the RECORD.

The article follows:

[From the Minneapolis Star and Tribune, Dec. 14, 1985]

"U" STUDENT STARTS HUNGER STRIKE FOR A SICK SOVIET FRIEND

(By Neal Gendler)

Inna Meiman of Moscow is dying of cancer, unable to get treatment in the West, and Lisa Paul of Minneapolis is starting a hunger strike today in protest.

Paul, 23, is a University of Minnesota senior from Appleton, Wis., majoring in Russian-area studies. She met Meiman, who is about 55, while in Moscow for two years working as a nanny for an American business executive. Meiman was Paul's Russian-language tutor and, soon, her friend and entree into the world of "refusniks," people who have been refused visas to emigrate.

Paul said that Meiman became ill in 1983. She has had four operations on a growth on the back of her neck, but the tumor continues to grow.

"She has been invited by several hospitals in the West," Paul said this week. "Sweden, Israel, France and the U.S. all have offered her treatment, so the action I'm taking is to protest this refusal. It's not to starve myself until they let her go." Paul will take fruit juice and vitamins, and she plans to end her fast Jan. 4, in time for winter quarter; by then, she hopes that Americans will be more aware of Meiman's situation.

Meiman already is known to Soviet authorities. Paul said that in 1979, when more Jews were being allowed to leave, Meiman and her son applied. They were refused. In 1981, Paul said, her friend married Naum Meiman, a mathematician who belonged to the persecuted and disbanded Helsinki Watch Committee that monitored Soviet compliance with the Helsinki accords.

He, too, had applied to leave and been refused. The Meiman's own problems might be characterized in their remarks in the Dec. 16 Newsweek about Yelena Bonner, also a member of the watch committee and wife of exiled physician Andrei Sakharov.

"The very fact that a big man like Sakharov had to starve himself to get his wife treatment is indicative of how things are in the Soviet Union," Naum Meiman is quoted as saying.

"Her release is not a concession," Inna Meiman is quoted as saying. "We have not seen a single concession yet."

Inna Meiman needs a concession.

"What this is really all about is about Inna, all labels aside," Paul said. "It's about this woman who is very involved in the society, and not come across these people.

"I don't think you should live there and not meet these people because then you can't come back and talk about Moscow and all its people." One of the people she met was a woman who'd spent years in prison and exile for protesting the 1968 Soviet invasion of Czechoslovakia.

"She stood up, with everything to lose—and she did lose it all," Paul said. "That's what those refusniks are about. Inna said that in some respects those people are the bravest people in the world. You're standing up because you're totally committed to something but you know you'll lose everything . . . it makes what I'm doing relatively easy in comparison.

"People here have told me they admire me, and that's nice to hear, but having those people as a comparison, it's not that hard to make a commitment."

Paul has been training for about three weeks, reducing intake of certain foods. She's also talked with a physician who once fasted for 40 days. Paul said that her family supports her plans.

"My mother met Inna when she visited me in Moscow, so she really understands," Paul said. Paul plans to go home for Christmas and hopes to get into the news there, too.

"I encourage other people getting sick. . . . Inna has thanked the Soviet doctors and said they've done all they can, but medical technology in the West offers advanced treatment and hope that this can be cured. Now, the woman has hardly any neck muscles left.

"She has applied to leave for treatment." Paul said. "They said you can't do that unless you have a note from the Ministry of Health. The Ministry of Health said they don't give out such notes."

Paul said that the Soviet authorities "probably consider her to be so sick that they think she'll die, hopefully sooner rather than later, so they won'd have to deal with this . . . also, like Yelena Bonner coming to the United States, it might say that the Soviet medical system is inadequate, so why embarrass yourself when you can just let someone go without?"

Paul has been preoccupied with Meiman's plight since leaving Moscow six months ago. She has written to U.S. politicians, but "I felt I needed to do something on this level" both for Meiman and "to draw attention to me so I can talk about the injustice that's going on."

Paul said that her protest "is centered on Inna—my cause—but it's also the whole issue behind this." That issue wasn't something with which Paul grew up as a Catholic in Appleton.

Paul said the issue became hers because she lived in Moscow. She didn't seek "refuseniks," she said, but "I don't think you can live in the Soviet Union two years, trying to get involved by writing Inna directly—a letter of support, encouragement and/or New Year's greetings," Paul said. "How great it would be for Inna to know the concern others feel for her." Whether Meiman receives all the letters, they would make Soviet authorities learn of the interest in her in the West.

"That's where the potential is in this hunger strike," Paul said. "If public interest picks up, more people write, potentially something could happen." She encouraged people to write, using the Russian address style that puts the country on the top line and the name on the bottom: USSR; RSFSR; Moscow, 113127; Naberezhnaya Gorkogo, 4/22, Apt. 57; Inna Meiman. Postage is 44 cents.

Concerned that Meiman might not have received her letter about the hunger strike and that she understand and respect what she is doing. Paul telephoned Meiman last week.

"My concern was that she might be really concerned about this burden she's placed on my life. But she said that she understands why I'm doing it and that she's very touched by my thoughts and what I'm doing.

"She was very quick to tell me to be careful, don't endanger my health. I really feel

good about that because from me to her it's a gift of love."●

THE SOCIAL SECURITY SYSTEM

● Mr. SIMON. Mr. President, our Social Security system has received a great deal of attention recently. While the 1983 amendments assured the viability of the system, there are those who would dismantle this crucial program. One of their often-used reasons is that the young and the employed are saddled with the burden of supporting those who do not work. This argument smacks of both greed and ignorance.

A long-time authority, Elizabeth Wickenden, of the study group on Social Security has recently published an excellent overview of the Social Security system.

I ask that the following factsheet be published in the RECORD.

IS IT TRUE WHAT THEY SAY ABOUT SOCIAL SECURITY? OPEN LETTER TO YOUNG WORKERS

INTRODUCTION

The passage of the Social Security Act in 1935 not only established a landmark institution but also launched a national debate about its financial soundness that continues to this day. Particularly at this time, where concern about the growing national deficit is high, social security becomes a favorite—however irrelevant—target. It is natural for young people, whose future seems to stretch indefinitely before them in a fog of uncertainty, to be among the first to raise these questions and sound these alarms. This paper is, therefore addressed primarily to young workers though it concerns everyone who receives or hopes to receive social security when the family income from wages or other work stops.

Part of this alarm seems to spring from the very success of the program which has undergone successive changes since 1935 through amendments that undertook to broaden protection against economic insecurity. Today, fifty years later, it is hard to remember or imagine the time when impoverished old people had only the poor house or the reluctant generosity of their children to carry them through hard times. Widows, orphans and the disabled were also reduced to the humiliation of charity, begging, or the poor house for their survival. Today nearly 37 million individuals receive monthly checks from the federal Old Age, Survivors and Disability program while over 30 million older and disabled persons have part of their medical and hospital bills paid through the federal program, Medicare.

Entitlement to all of these benefits derives from special trust funds financed by contributions from workers and/or their employers. 122 million workers today contribute to the OASI, Disability and Medicare trust funds. All of these millions of persons are bound together by a compact of mutual confidence that rests on statutory provisions governing payments by those now working and benefits to those now retired. This represents an unprecedented social partnership. Still there are questions, especially from younger workers.

WHY THIS PAPER?

Like others concerned with social security I am sometimes confronted by angry young friends. They say something like this: "Why do I have to pay these high social security taxes when everyone knows the system is going bankrupt and won't be there when I get old?" or "Young people like me are being ripped off to pay for benefits to old people who don't need them." or "Why can't I provide for my old age with IRAs or other investments? I can get a better return on my money than they can." or "Why should I be forced to worry about my old age when I need the money now that I'm young?"

The point of view reflected in these questions (even though that of a vocal minority) [1] seriously challenges a system which depends for its vitality and survival on intergenerational continuity, financing and confidence. No one takes it lightly. This "Open Letter" seeks to reply to this challenge.

WHAT IS THE SOCIAL SECURITY SYSTEM?

The social security system is a lifetime social insurance program that protects virtually all working people and their families against loss of earnings due to death of a family breadwinner (life insurance), long-term disability, old age retirement or widowhood.[2] It also pays for part of the health costs for the elderly and long-term disabled.[3] These programs are financed by a charge against earnings (payroll tax), half paid by the employee and half by the employer (except for the self-employed who pay a comparable amount in their own behalf.) Unemployment insurance protecting against loss of earnings due to involuntary unemployment is also a form of compulsory social insurance but since it does not involve an employee's contribution it does not raise the same kind of questions. In all cases the worker receives part of his compensation in cash and part in entitlement to future benefits.

Taxes

Unless they have the misfortune to lose a parent in childhood most people initially encounter the social security system with their first job. For many it is a shock, for which they were little prepared, to find that their first paycheck has been reduced by a somewhat mysterious tax called FICA [4]—for social security. At the present time this amounts to 7.05% for the employed on earnings up to a present maximum of $39,600. 5.7% of this goes into trust funds for Old Age, Survivors and Disability Benefits and 1.35% for hospital insurance for people over sixty-five and the long-term totally disabled. This is matched by an equal amount from employers. The self-employed must pay a total of 9.9%—8.55% for cash benefits and 1.35% for Medicare.

The money in these trust funds may only be used for paying social security benefits as specified in the Act and the administrative costs of the program. Any surplus must be invested in obligations of the Federal government. Recent rates on special social security issues have paid between 11 and 13.75% interest. At the present time the Social Security system is showing an excess of income over outgo and this trend is expected to continue. Some people predict the accumulative effect of this difference may reach as high as 12 trillion dollars before it begins to decline owing to an increase in beneficiaries as a result of the baby boom generation. Even by January 1, 1985 this reserve fund had reached 47 billion dollars.

Benefits

Most workers and their dependents are entitled to benefits based on their average earnings—after they have worked a minimum of 10 years or 40 quarters—when these earnings are interrupted by death, long-term disability or old age retirement. Full benefits are first payable at 65 but people may choose or be forced to retire at 62 with an actuarially reduced benefit. Persons who choose to retire later than 65 receive a somewhat higher benefit. For retirement up to age 70 benefits are payable only to those with limited earnings. This requirement is known as the "retirement test", the limit on what may be earned without reduction of benefit. Above these exempt amounts benefits are reduced one dollar for each dollar of earnings. Dependent spouses who have not earned higher benefit entitlements by their own work, receive 50% of primary benefit and widows over 65 receive 100%.

Women's benefits

A very considerable debate goes on surrounding women's benefits. Owing to the treatment of women both as dependents and earners they may be entitled to benefits on both fronts but receive only the higher of the two. Many favor some modified plan of "earning sharing', combining the earnings of husbands and wives, dividing them equally for purposes of social security credit. This may benefit the two-earner family but reduce benefits for the non-working wife and some couples. To make such a plan fair to present contributors would require complicated modifications and long transitional requirements which would considerably increase its cost to the program. It should also be noted that women benefit under the social security system by their greater longevity.

Benefit formula

The workers' (primary) monthly benefit is figured in terms of his average indexed monthly earnings (AIME) on the following basis: 90% of the first $280 of earnings, 32% of the next $1,411 and 15% of any remainder. In addition it is important to note that an individual's average earnings are adjusted to reflect an increase in over-all national earnings (and thus productivity). This is achieved through an automatic upward adjustment in these components (also known as "bend points") of the benefit formula and—for higher earners—an automatic upward adjustment in the wage base. This benefit level, once established, is adjusted to reflect cost-of-living increases (popularly known as the COLA).

IS SOCIAL SECURITY INSURANCE?

A favorite charge of those opposed to social security is that it is not "insurance" at all but really a "welfare" program. Since these are both rather elastic terms it is necessary to break them down into specific components.

Pooled risk

Social security is insurance in the sense that it pools funds in order to provide protection against shared risks. Some of these risks involve situations one hopes will never occur: i.e. early death, long-term disability

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[1] A recent survey, conducted by Yankelovich, Skelly and White showed a majority approval rate by young persons under 34 years of age but some doubts about the future of the program. A substantial majority said they would remain in the system even with an option to get out.

[2] Social security has been made increasingly gender-free so whenever a sex-related term is used it should be interpreted as applying to both sexes.

[3] For definitional purposes Medicare has been included here even though it is not discussed in the paper since its problems are different from those of cash benefits.

[4] Federal Insurance Contributions Act.

and hospitalization. The contributors who never get their money back from these funds are the lucky ones just as never recovering money invested in fire insurance is considered highly desirable.

Old age retirement

Old age is different since it is generally regarded as a goal to be desired. People want to live beyond sixty-two and most look forward to retirement. They are willing to pay the price for a reasonable level of wage replacement. In this sense it is like an annuity, also a form of insurance. The risk here lies in the question of longevity: Those who die early pay the prices for those who live longer.

Entitlement

It is also typically insurance in that only those who have made payments into the joint fund or are dependent on someone who has done so are entitled to draw benefits from it. The "entitlement" is based on prior contributions which are in turn tied to work. The beneficiary is drawing down on the "protection" he earned while he was working. This is one of the primary differences from "welfare" as we commonly use the term, where "entitlement" is based on current "need", a much less easily defined concept. Entitlement to welfare payments is qualified by how the public is willing to define "need" which in turn depends on how much it is willing to pay. Hardly an "entitlement" at all one might say.[5] Social security benefits, on the other hand, are based on and related to loss of earnings, a far more acceptable basis for higher payments.

Full funding

Opponents say that it is not true insurance because the rights of neither the individual nor the collective of individuals are fully "funded". In private insurance the insuring company must have enough money laid by to be able to pay off all the benefit rights of all insured individuals at any one time. As an independent voluntary entity its continuity, and hence its continuing income from new policies, cannot be assured in any other way. Government, on the other hand, is assumed to be continuous. Thus, in social security, current contributions from those currently working pay the current beneficiaries, while it is assumed that they, in their turn, will be sustained by future working generations.

Until about 2030 these current contributions will be enough to cover current costs; after that time the accumulated surplus and interest will supplement. It is the good faith of the government, plus the continuing calculations of future obligations and income by qualified actuaries, that sustains the system. A program as huge as social security would require much more than the present trust fund to be "fully funded" and could totally disrupt the capital market. Wall Street would be the first to complain while contributions would have to be substantially raised to sustain such a large capital fund.

A conservative system

Actually, compared to other systems, the American social security system is extremely conservative. It is a self-contained system and virtually no general revenue funds have been used to pay benefits. In many other systems the financing of social security is shared on a three-way basis: worker, employer and government funds from other sources. We also base our financing on seventy-five year actuarial predictions of future needs and income, longer than any other country except Canada. These are subject to constant review by the Board of Trustees, regular advisory councils mandated by statute, special commissions (as in 1983) and the Congress.[6] At the present time the system is running a surplus, as planned in anticipation of a growing aged population.

Social Security and the deficit

To anyone who knows the care and caution with which social security financing is monitored and fine-tuned (as evidenced in the adjustments made by Congress in 1983 to meet a temporary financing problem) the widespread fear that "social security is going bankrupt" seems totally unreasonable. It seems rather to reflect carefully nurtured propaganda by those who don't like the idea of government-sponsored support for those outside the labor force, however financed.

This is also true of the present effort to make social security the scapegoat for a budget deficit largely caused by skyrocketing defense-related expenditures and ill-advised tax cuts. Social security, as a self-financed and actuarially determined program cannot, under present provisions of law, contribute to the real deficit. Present law requires that all social security taxes be deposited in the trust funds and all social security payments be made from the trust funds. Only the unrealistic inclusion of the funds in the Federal Unified Budget makes it appear otherwise and even President Reagan has recommended that they be removed. Should funds ever run short, despite all the care taken to assure their solvency, it is unthinkable that Congress would permit a program on which so many people depend for present or future benefits to go bankrupt. To raid its trust funds for purposes unrelated to social security needs (including those deemed necessary to its own future solvency) betrays the basic provisions of the Social Security Act.

BUT WILL I GET MY MONEY BACK? [7]

Social Security as protection

In part this question reflects a lack of understanding that insurance involves protection against risks that, though universal, are not equally incurred. Obviously the man with a dependent wife and four children who dies at thirty-five will get more in benefits than the single man who dies, without prior interruption of his working career, at sixty-seven. Protection as a positive good is not always well understood in a social security context even by those who pay high premiums for private life insurance and other forms of insurance on which they hope never to realize. Moreover, younger workers bear a greater risk of leaving young children in case of premature death or disability and hence have a special stake in these aspects of the program.

Social aspect

But probably more important is the fact that social security as social insurance includes a social component that weights the benefit formula in favor of low earners, those with dependents and early entrants into the system.

Of special interest to young earners are its life insurance and disability provisions which offer them immediate protection. Even more important to most is the assurance that their parents are adequately provided for rather than, as was so common in earlier days, having to turn to their children for help. I am not one who thinks the present generation of young workers is more materialistic, self-centered and selfish than its predecessors but I do think it is confronted by a barrage of propaganda that makes no distinction between earned benefits based on an objective statutory formula and welfare assistance based on an individual determination of need.

It is also important to bear in mind the significant role of the employers' contributions to the financing of the system. Some difference of opinion exists about the nature of this contribution. Economists tend to see it as an aspect of the labor cost of the system but workers tend to think only of the amount deducted from their own paychecks. In the aggregate this makes little difference in the financing of the system but it does make for a difference of perception to the worker. While it is natural for young people to be carefree about the future, the society in which they live is not risk-free. Along with the rewards of entering the work force, they need to share its responsibilities or, as Justice Holmes wrote, "Taxes are what we pay for a civilized society."

WHY CAN'T I OPT OUT?

The Heritage Foundation, the CATO Institute and other sources of conservative thinking, including even Ronald Reagan himself before his presidential aspirations changed his utterances if not his mind, have advocated that individuals be permitted to withdraw from the system. Sometimes this is accompanied by a requirement that they purchase equivalent protection through IRAs (Individual Retirement Accounts) or other private means.

A multigenerational system

This may sound like a reasonable idea to some innocents but for those who know the dynamics of the American system it is a clear death sentence. It would be more straightforward and honest simply to recommend repeal of the program. For it is the contributions of those who are working that simultaneously build their own entitlements and provide the funds for current benefits. For the individual it is a transfer from his working years to his non-working years. Collectively it is a transfer from production to those no longer producing. To the extent that the majority of these latter are retirees or their widow it is an intergenerational transfer. It assumes continuity, reciprocity and a sense of responsibility for the common weal.

Without the contributions of younger workers there would not be enough money to pay benefits to those whose contributions had "earned" them and the self-financing character of the system would be destroyed. Since it is hard to believe that this vast number of people would be totally abandoned by society, general revenue funds would have to be provided in this case. At this point a true intergenerational conflict would ensue and a means test to winnow out all but the most needy would become almost inevitable.

[5] See fact sheet No. 13, Social Security: Why Not a Means Test?

[6] See also: *Social Security: A Declaration of Confidence and Support by Private Pension Professionals* (enclosed).

[7] Attached herewith is a paper "Do Young People Get Their Money's Worth From Social Security?" by Robert J. Meyers, former chief actuary for the Social Security Administration and a highly respected expert in this field.

Potential loss to young workers

The young worker would have purchased his freedom from FICA taxes at a heavy price, including the many protections afforded by the social security system. IRAs, for the most part, involve a substantial risk and are not available—as is social security—for loss of income prior to old age. They involve no dependents' benefits, no productivity adjustment and no COLA. Many young workers would not be able to make such purchases voluntarily and would of course lose the employers' contribution.

The public interest

From the point of view of the public interest there are two perspectives. On the one hand foregoing social security taxes on a substantial share of earned income as the source of support for the system is a luxury we can ill afford, especially in this deficit period. IRA income is taxable only after retirement and the interim loss is a heavy sacrifice of badly needed revenue. If IRSs were treated as the primary provision for retirement their level and extent (and hence the revenue loss) would necessarily be greatly expanded. This can be described either as a tax shelter or a tax expenditure (social benefit tied to the tax system) or both but in any case the public is the loser. Given any option on their use, the middle or upper income group would be the gainer; lower income workers would not be able to afford this luxury.

WHAT KIND OF SOCIETY DO WE WANT?

This brings us to the second point of interest, i.e. What kind of society do we want anyway? We are not, as we often boast, the most generous country in the world. Twelve other industrial countries [8] spend more on public social programs in terms of percentages of their gross national product than we do. The self-contained nature of social security financing has served all generations well in protecting benefit levels. Young people do not have the advantage of their elders like me in remembering what life was like before the Social Security Act was passed fifty years ago and subsequently extended in coverage and protections. The passing of a predominantly agricultural society deprived older family members of the protections farm ownership provided. Increasingly the widowed, disabled, and elderly were forced into choosing between the ignominy of poor house or poor law relief and putting on their children a burden they could usually ill afford, often depriving grandchildren of educational opportunity.

Our social security system, starting from small beginnings in 1935, has followed the intentions of its original designers [9] by developing into a program that protects most workers against the major reasons for loss of earnings at a level which—while far from lavish—is increasingly adequate. It is a brilliantly integrated system, balancing income with outgo over the years, equity with social purpose, and preserving the dignity of objective entitlement based on earned rights. It seems inconceivable that it should be destroyed either directly or by equally damaging amendment. It seems equally inconceivable that it should not continue to develop as needs and resources make that possible.●

[8] These are figures from the Organization for Economic Cooperation and Development which includes nineteen of the most industrialized countries outside the Soviet bloc.

[9] See Factsheet No. 11 Original Intentions, by Dr. Eveline Burns. See also the 50th Anniversary Edition of the Report of the Committee on Economic Security published by the National Council on Social Welfare.

TRIBUTE TO DR. FRANCES KEPPEL

● Mr. SIMON. Mr. President, I rise today to pay tribute to Dr. Francis Keppel, distinguished professor of education at Harvard University, former commissioner of education and chairman of the National Student Aid Coalition. Most of my friends and colleagues are unaware of the important role played by Frank Keppel and the National Student Aid Coalition in formulating student aid policies over the last 5 years. On December 12, the coalition held its final meeting and Frank Keppel provided a report to the coalition on its activities from 1981–85.

It seems appropriate that the coalition would conclude its formal activities on the same day that the Senate Subcommittee on Education, Arts and Humanities took the first step—by marking up—toward reauthorizing the Higher Education Act in the 99th Congress. Much of what we have done is attributal to the fine work undertaken by the coalition. As the former chairman of the House Subcommittee on Postsecondary Education and a member of the Senate subcommittee, I have seen first hand the work of the coalition, the contribution of its executive director Linda Berkshire, and the outstanding leadership of Frank Keppel.

The report to the coalition follows:

REPORT OF THE CHAIRMAN OF THE NATIONAL STUDENT AID COALITION, 1981–85

It is salutary, if often embarrassing, to go back to first purposes in presenting a final report on a project. The story of the National Student Aid Coalition is no exception. So let us start by quoting from the 1980 request to the Carnegie Corporation and Ford Foundation for financial support—documents which are not likely to understate the hopes of those seeking the funds.

". . . The provision and delivery of financial assistance to students seeking education after high school in the United States traditionally has been a "joint venture" involving the federal and state governments, secondary and postsecondary institutions, private organizations, and students and their families. That fact is recognized in the multiple sources from which student aid funding comes and in the multiple agencies involved in moving the aid through the system to the students. In the areas of policy determination and procedural implementation, however, there has not been a consistently effective reflection of the roles and concerns of all of the parties to the process . . ."

". . . it is intended to provide a mechanism for coordinating the efforts of thirty-one organizations with an interest in student aid. It is not intended to preempt the activities or voice of those organizations but rather to provide them with a place to debate issues, reach consensus, and pursue that consensus with the appropriate policy-making bodies . . ."

". . . One of the important outcomes that can be expected from the support requested of private foundations by this proposal is the development of mechanisms by which that support can be obtained for subsequent years from sources other than foundations . . ."

Put in less elegant language, this means that the Coalition, made up of a cluster of educational organizations, was to watch over the "mechanism" of delivering student aid, to try to maintain a partnership in doing so, and stay out of "policy" matters more suited to those with greater competence and authority. Ironically, however, the Coalition project was started at a time of the changing of the tide, and it became almost impossible to separate mechanism from policy. The Coalition had to wrestle with the following paradoxes:

Established to monitor the system of delivering student financial aid for the poor, the Coalition found itself entangled in the effects of the 1978 federal loan program to help the middle class meet rising college costs—a program which absorbed federal appropriations like a sponge. The Coalition, therefore, had to give major attention to adjust measures of parental financial responsibility to the demands of political winds and a changing economy, a duty perhaps more suited to the political sector.

Established to help maintain a partnership between federal, state, institutional, and private sources of student aid, the Coalition had to spend time trying to remind the Washington establishments that there was life beyond the Potomac. Even though the Administration's policy apparently was to transfer many federal decisions to the states and the private sector, the Administration's actions seemed insensitive to the reasoning of the Federalist Papers.

Established at least in part from a concern that the poor must find access to higher education, the Coalition soon discovered that many institutions were becoming more concerned with maintaining enrollments by attracting as many students as they could, young or old, poor or well to do. Student financial aid became interpreted by some as aid to institutions of higher education.

Established at a time that inflation had outrun college charges, increases in college charges soon outran inflation, thereby raising doubts about the wisdom of a federal policy that tied appropriations to prices set by the colleges themselves. In New England, for example, between 1978 and 1985, inflation was reported to rise 69 percent while costs at public institutions rose 113 percent and private, 120 percent.

Established in the context of an Act of 1965 designed to provide equality in access to higher education to the poor and minorities, the Coalition found that progress toward that goal had either levelled or even begun to reverse. This development did not seem to be of the comparable concern in 1985 that it was in 1965.

Established to advise both the Executive and the Legislative branches, the Coalition soon discovered that the massive distrust that developed between them on student financial aid resulted in delayed decisions and inefficient delivery systems to students and institutions. Since it was scarcely the Coalition's position to deal with the root problem, it found itself having to treat the symptoms.

Established to consider student financial aid at both the undergraduate and the graduate and professional levels, the Coalition found that it was not properly constituted for dealing with post-baccalaureate issues,

and had to try to persuade others to take on the task.

Established as a forum which included associations representing different types of institutions of postsecondary education, the Coalition found it easy to reach consensus in recommending ways to improve the service if the pie was made larger. However, it found that its membership preferred to separate into competing groups when there was less pie. And when it came to calculating the size of the pieces of the pie and the quality of service, the Coalition, which was not established to deal with such issues, became, on occasion, immobile and downcast.

Despite the original intent in establishing the Coalition, which planned for participation by leaders of organizations from outside Washington, in practice, those attending the meetings as representatives of the membership organizations turned out to be Washington staff members.

In an effort to carry out its task under these circumstances, the Coalition reorganized the Committee on Need Assessment and Delivery which annually proposed changes in the (euphemistically titled) Uniform Methodology and saw those proposals accepted by appropriate authorities. It sought to strengthen understanding of the complex partnership of federal, state, private, and institutional sources that provide student financial aid by putting them on a chart. The result described a period of 18 months, printed in four colors, with three kinds of boxes as symbols of points of decisions, and in its original form, required a chart of almost 18 feed in width. It had its desired effect—to show that delay in decisions anywhere along the line results in some students somewhere being unable to get to college. The Coalition also was able to document the case that those in greatest need of information about student aid received the least and at the least appropriate time.

However, efforts to obtain financial support for the Coalitions's continuation from its membership failed.

The Coalition's competent, energetic and well-informed staff did yeoman work in finding out what was going on, telling about it to those who needed to know, and pulling together data from a myriad of sources. The result was that the Coalition became a trusted source of information that was used by both the Legislative and Executive branches, both political sides of the aisle, and even by competing educational interests. The Chairman came to feel that the work of the staff alone justified the generous grants of Carnegie and Ford, even though it might be tactless to document the numberless instances in which they helped to accomplish the sensible or stop the foolish.

The hearings of the Congress in 1984 and 1985 on reauthorization of the Higher Education Act of 1965, however, provided the Coalition an opportunity to pull its effort together to seek ways to carry on some of its functions and make some suggestions that could improve the delivery system of student financial aid. At the time of writing, the following seem to have some chance of emerging in the legislation now making its way in Congress:

1. Congressionally appointed and funded Advisory Committees to review methods of establishing student and parental responsibility and ability to pay the costs of undergraduate and graduate education; to comment on regulations designed to carry out programs; and to undertake other studies and analyses on the instruction of Congress. If established, these Committees could carry on part of the Coalition's work.

2. A new need analysis system for federal Title IV programs.

3. A program designed to provide information and advice to students in high school, particularly in the early years, about available student aid and how to benefit from it—a program aimed primarily at the poor, minorities and what has come to be called non-traditional students. Evidence obtained by the Coalition suggested strongly that lack of such programs was a serious block to achieving equality of access to higher education for those groups.

4. A Master Calendar mandated by Congress governing decisions on issues related to the delivery of student aid. The Calendar is designed to avoid delays in providing information and in developing and distributing student aid forms needed by students, parents, and institutions.

5. A considerable number of technical amendments to Title IV intended to provide oil or grease to the machinery of delivering student aid where experience had shown the need of reducing friction.

This final report must therefore include a mix of some tasks accomplished, some untouched, some failed, some barely started (such as improving the access of poor and minorities in the last four years), and some still in the stage of hope.

But on one topic there can be no doubt—the loyal and intelligent work of thousands of financial aid administrators has been a major factor in delivering assistance to millions of young men and women, and for this, the Nation should be grateful. It should be even more grateful for the continued willingness of parents and students of all economic classes to provide funds from their own resources to finance postsecondary education—a willingness that is not matched anywhere overseas. The Coalition may not have played much of a part in maintaining this magnificent tradition, but it can at least report that it tried.●

SENATOR ROCKEFELLER'S QUIET DILIGENCE

● Mr. LEVIN. Mr. President, on November 19, Senator JAY ROCKEFELLER spoke to the Senate about lessons that could be learned from the settlement of the Wheeling-Pittsburgh steel strike. Senator ROCKEFELLER's speech was a reasoned and eloquent call for labor-management cooperation as the indispensable cornerstone for revitalizing steel and other critical industries to meet the challenges of international competition.

Those of us who heard the speech valued it because we knew that it grew out of JAY ROCKEFELLER's personal experience in West Virginia as Governor and Senator and his familiarity with the Wheeling-Pittsburgh situation. What too few of us knew, however, was how deeply and consistently involved Senator ROCKEFELLER has been in the effort to save Wheeling-Pittsburgh Steel.

An editorial in the Charleston Gazette, dated November 27, entitled "Quiet Diligence," provides a detailed picture of Senator ROCKEFELLER's extraordinary mediating efforts. The editorial observes that he "labored behind the scenes for 9 months, sweating out compromises, coping with problems, rarely grabbing the news spotlight in the manner of most politicians."

I commend my colleague for his unique role in the Wheeling-Pittsburgh situation, and I ask that the editorial from the Charleston Gazette entitled "Quiet Diligence" be printed in the RECORD.

The editorial follows:

QUIET DILIGENCE

Most of West Virginia's economic news lately has been bad. Volkswagen will phase out 871 workers in South Charleston. FMC closed a 400-worker unit in the same city. Union Carbide is offering psychological help to hundreds of laid-off employees. Mason Glass at Jane Lew closed when its 60 workers wouldn't surrender half their pay.

But there's an encouraging note: Wheeling-Pittsburgh Steel has been pulled back from the brink of doom and 8,200 employees—751 of them West Virginians—are at work under a cooperative contract that gives them a voice in management.

The Wheeling-Pitt reprieve happened partly because Sen. J.D. Rockefeller IV, D-WV, labored behind the scenes for nine months, sweating out compromises, coping with problems, rarely grabbing the news spotlight in the manner of most politicians.

Last February, communication had ceased between former Wheeling-Pitt chief Dennis Carney—a brilliant but difficult executive—and United Steel Workers leader Paul Rusen. Teamwork between union and management was needed to induce banks to refinance the desperate firm. Rockefeller called both men to his office and they resumed talks.

Later, when the truce faltered, Rockefeller flew to Pittsburgh, brought the antagonists together, and brokered a wage package and debt restructuring plan. He accompanied Wheeling-Pitt leaders to New York banks. He urged General Motors chiefs to renew steel orders from Wheeling-Pitt.

When the suffering firm went to bankruptcy court and workers struck, Rockefeller's staff logged thousands of hours in the salvage effort. Aide Phil McGance manned what became known as Rockefeller's "full-time Wheeling-Pitt desk." A key concern during the dark days of the strike was to prevent cancellation of the Follansbee mill being created jointly with Nisshin Steel and to avoid loss of its $8.7 million federal grant.

A turnaround came after major stockholder Allen Paulson deposed Carney and brought in a new chief executive gifted at wringing compromise from chaos. The contract that evolved was based on partnership, with workers accepting a pay cut in return for decisionmaking power. A Rockefeller proposal—an escalator to increase wages if the company prospers—was incorporated in the contract.

In a Senate speech last week, Rockefeller didn't tout his own role but lauded the "visionary" contract for its "virtually unprecedented commitment to partnership between workers and management in sharing the future of this company."

A multimillion-dollar payroll has resumed pumping life into West Virginia's Northern Panhandle. It didn't happen through boosterish Commerce Departments or dramatic news announcements. (Gov. Arch Moore

reaped more publicity in one day of flying to Follansbee to hand out unemployment checks than Rockefeller did in nine months of quiet effort.)

Wheeling-Pitt isn't out of the woods. The corporation is $500 million in debt and its pension plan must be bailed out by federal insurance. But the cooperative labor contract signed Friday is a hopeful step—one reflecting plenty of backstage work by Sen. Rockefeller.●

BEYOND ECONOMICS

● Mr. MOYNIHAN. Mr. President, I rise today to bring to my colleagues' attention an article written by the distinguished senior Senator from Colorado, my friend Mr. HART. The essay, entitled "Beyond Economics," appeared in the autumn issue of the Journal of Family and Culture.

The Senator has distinguished himself once again by looking beyond the limits of conventional wisdom for insights into the social forces we in Government are charged to deal with. He refuses to limit his thinking to that acceptable to any rigid doctrine, left or right. A small testament to such can perhaps be inferred from the fact that the Journal of Family and Culture has seen fit to publish Mr. HART's views.

As for his observations, let me say simply that Mr. HART has once again lucidly delineated a reasoned response to a matter troubling to all of us: The shortcomings of economics. His is a prescription for a "new, broader, more fundamental framework that includes economics, but that places it in a larger context built of our values, our culture, and our nonmaterial needs."

I encourage my colleagues to spend a few minutes considering Mr. HART's views. It is, most assuredly, important reading.

Mr. President, I ask that a copy of Mr. HART's article be included in the RECORD.

The article follows:

BEYOND ECONOMICS

(By Gary Hart)

Among the things prudent politicians usually avoid is putting forth ideas that are tentative, perhaps incomplete, and almost certainly controversial. But the times we are living in demand new thinking. We cannot develop the national policies we need for the remainder of this century and the beginning of the next by endlessly debating the respective merits of Herbert Hoover and F.D.R. We need new approaches, and these seldom spring full-grown from the head of Jupiter. They require politicians, among others, to put forward some hypotheses, some tentative conclusions, some ideas that may or may not ultimately be right but that move us along the road toward some new perspectives on our world and where it is going.

This article attempts to do that in reference to a subject that concerns every citizen: economics. The ideas offered here are in a formative stage, and they are tentative. Some may be obscure, and there may be some false leads among them. But they constitute an attempt to move beyond the usual economic debate over tax structures, interest rates, the money supply, and the deficit. These are all important subjects. But taken alone or together, they seem in many ways to miss the core economic issue: the quality of our lives.

How can we see more deeply into the "dismal science" of economics? A good starting point might be the realization that in a larger cultural and social sense, all economic policies have been failing for at least a century and possibly longer. Time and time again, nations have succeeded economically—both in terms of growth and distribution of wealth—only to find social dissatisfaction growing, not diminishing. The economic success of the Victorian period in Europe bred enormous dissatisfaction in virtually every social class, leading to serious internal instability. In America, the economic success of the 1950's was followed by the widespread social turmoil of the 1960's. And the dissatisfaction was led by many of those who had benefited most from the economic gains.

Something fundamental has gone wrong; success does not succeed. "More" is not enough. The science of producing and getting more is not sufficient as a guiding principle. Economic growth is important, but it is important because it provides the means with which to do things. It is not a sufficient goal in itself.

We need an economic reform movement—a movement with the goal of going to the heart of the nature of society and of human behavior. How do we go about defining the new questions we need to ask—questions which may lead to reform in the way of economics is used in governing? History remains the only real "data base" of human behavior, and economic reform must begin with history.

Prior to the industrial revolution, western societies were characterized by a high degree of stability over time. People were born, lived, and died in the same village or town, among the same neighbors, often following a family craft or profession. This stability, a stability over generations, created many dependable, general relationships. For one's entire life, the same people were friends, co-workers, co-religionists, and so on. Traditional society was well described by Edmund Burke's analogy to a great, old tree. The relations among people were as mutually supporting as those among the many roots of that tree.

But industrialism shattered traditional society. With its demand for physical and social mobility, its disruption of agrarian societies, its segregation of home life from life at work, its mixing of people from different origins, and its lack of concern for anything other than quantitative output, it substituted *functional* relationships for general relationships. We now see some people at home, others at work; we move frequently; the extended family becomes obsolete; children live in a different world from that of their parents. Many of us live in several different worlds through the course of our lives. While industrialism brought wealth, it also brought an impoverishment of the individual and collective spirit.

But industrialism did create a new discipline: economics. Consideration of production, consumption, and distribution of goods and services as matters of state policy did not begin with the Industrial Revolution, of course. But economics in its modern sense was born along with industrialism in the 18th century. It defined man as an economic creature—a creature driven almost exclusively by material wants, who makes rational decisions, in the words of the 19th century economist Stanley Jevons "to satisfy (his) wants to the utmost with the least effort."

Unfortunately for economics, this "economic man" does not exist. We are not defined by our possessions. Our vision reaches beyond the material plane. The quantitative instruments of economics cannot circumscribe the human spirit. The desire for goodness, the search for truth, and the love of beauty all soar above the narrow bounds of materialism.

Without economic prosperity, of course, we cannot meet the needs of our own people and others throughout the world. But material prosperity does not provide purpose. It is not, of itself, a worthwhile vision. Tennyson wrote: "Thou hast made us, we know not why. We think we were not made to die." And he might have added, in this industrial age: "We think we were not made merely to possess, or to be governed only by the static measure of a discipline confined to the principles of production and consumption."

As the industrial age evolves, the discipline it produced, economics, is increasingly looked to for new theories to keep the giant engine running. But at the same time, we sense economics to be deficient as the foundation of government. To use to the language of economists, traditional economics is necessary but not sufficient.

What would be sufficient? Perhaps we need, in the words of Theodore Roszak, "a nobler economics that is not afraid to discuss spirit and conscience, moral purpose and the meaning of life, an economics that aims to educate and elevate people, not merely to measure their low-grade behavior."

In a sense, an economics of such richness and depth would be so different from economics as we know it today that perhaps a new term is needed. Certainly, we need a broader term than economics to describe the overall foundation for government and public policy. A good term might be "statecraft." Such statecraft should attempt to make national policies sensitive to deeper motivations than the desire for a paycheck. It should be an attempt to confront the question, what does it profit a society to conquer inflation, reduce interest rates and create new jobs, if we don't enjoy what we have or what we are doing or sense some greater national or cultural purpose?

A definition of statecraft should start by identifying human aspirations that go beyond material needs. Four such aspirations might provide a starting point:

A sense of purpose and vision. We all need a perspective on our existence in time and place, and a sense of direction as individuals and as a nation;

Opportunity for creativity. There is a growing demand throughout society for participation in the workplace and redefinition of our jobs to include shaping and guiding our institutions;

Opportunity for individual growth, for continuing and recurring education and exposure to new information and new experiences;

Autonomy or individuality—the need to be able to shape our own lives, as individuals and as communities, within the context of our constitutional liberities.

To give us a chance to achieve these aspirations—and to give some content to the notion of statecraft—we must take a number of other themes into consideration:

First, decentralization. Room for human growth can be provided best within small

units. As one sociologist, wiser than most, said, "You cannot study men; you can only get to know them." Local control in politics, in social and cultural issues, and in the business world must be a central theme.

Second, community. To have richness instead of isolation in our personal lives, we must allow communities to grow. Economic policies—public or private—which shatter community are destructive to the human spirit, however "efficient" they may be.

Third, a manageable pace of change. Change is unavoidable. But future historians may wonder if the 20th century drove itself to collective madness with its desperate velocity of change. We must control the pace of change, rather than letting it control us. Continuity must be given a chance to grow between generations. Technology must adapt to human realities, not vice versa.

Fourth, we must question modernity's most sacred cow: the notion that "you can't turn back the clock." Of course, in many areas we would not want to return to past practices. We have made genuine progress in everything from civil rights to sanitation. But in some areas, including such divergent fields as public transportation and the arts, a reasonable argument can be made that what we had once was better than what we have now. Even in these areas, attempts to turn back the clock will not precisely reproduce the past. But a look backward can give us a reference point. Historically, many great movements forward have been attempts to return to the past. The Renaissance is a good example.

Fifth, we must give more thought to aesthetics. Anyone who lives with the architectural monstrosities in our cities or the "Vegas Strips" that foul our towns and suburbs knows aesthetics is important. John Ruskin's attempt to blend economics and aesthetics may not have been the blind alley most classical economists think it to be.

Sixth, we must give greater consideration to the human side of the industrial process. We cannot expect our society to be successful if most people's jobs reward them only with a paycheck. The medieval guilds may have known something we have forgotten: the reward of a job well done, a job that gives reign to creativity, that requires and shows forth real skill, may be as important as the company's bottom line. In fact, it may even increase the bottom line. Giving workers a greater voice in their workplace may yield more gains in productivity than replacing them with robots.

Finally, we must think differently about education. This is perhaps the most important consideration of all. Ortega y Gasset, in his classic The Revolt of the Masses, warned that 20th century man was becoming a technologically competent barbarian. We can punch the buttons on our machines, but we cannot see ourselves or our world in any context, because we have not been educated. Education is not training, though training is also valuable. Education is essentially the classical education, intended to give us understanding of our culture and our values, of why our values are valuable, of the edifice our ancestors have built upon which we stand. It is rooted primarily in the study of history and literature. It teaches us mathematics and science, not to make us technicians, but to teach us to think logically. It must be revived—first, among our educators. Without it, we cannot hope for a society that does more than lurch blindly from crisis to crisis, unable to see where it has been, and thus know where it can go.

As we evolve the qualities that constitute statecraft, what should we seek to do with them? Our principal task is to relate them to the technology, wealth and growth that must remain important parts of our social order. The task is not to overthrow technology or growth, but to use them within the framework of statecraft—to drive them and control them, rather than being driven and controlled by them. One might say, our task is to civilize them.

Can we really use these seven themes in devising policy in the real world? Why shouldn't we? Would it not make more sense to design an urban transportation system that took into account our needs for community and aesthetics rather than just what works technically? Would not our job training programs work better if they were based on a broader view of what people want from their jobs? We have already seen, in numerous cases, that decentralized decisionmaking, both in government and business, leads to greater satisfaction and better results.

A great nation must have a great framework by which it is to govern itself. Traditional economics, with its one dimensional "economic man", is simply insufficient. We must think through a new, broader, more fundamental framework that includes economics, but that places it in a larger context built of our values, our culture, and our non-material needs. That is much more than this brief article can possible do. But it is, perhaps, a beginning, and a call to face the task.●

PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room SD-423.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, December 18, 1985.

Hon. RICHARD C. LUGAR,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 86-21 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter(s) of Offer to Turkey for defense articles and services estimated to cost $206 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,

PHILIP C. GAST,
Lieutenant General, USAF, Director.

Attachments: Separate Cover: Classified Annex.

TRANSMITTAL NO. 86-21

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B)(1) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Turkey.

(ii) Total estimated value: Major defense equipment as defined in Section 47(6) of the Arms Export Control Act: $0 million; other: $206 million; total: $206 million.

(iii) Description of articles or services offered: Seven hundred sixty conversion kits each consisting of tank thermal sights, add on stabilization, solid state ballistic computers necessary to convert M48A5 tanks, and associated defense services.

(iv) Military Department: Army (USV and USX).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See annex under separate cover.

(vii) Section 28 report: case not included in Section 28 report.

(viii) Date report delivered to Congress: December 18, 1985.

POLICY JUSTIFICATION

TURKEY—TANK CONVERSION KITS

The Government of Turkey has requested the purchase of 760 conversion kits each consisting of tank thermal sights, add on stabilization, solid state ballistic computers necessary to convert M48A5 tanks, and associated defense services. The estimated cost is $206 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Turkey in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

These conversion kits will be used by the Government of Turkey in their Tank Modernization Program. These components, when installed on the M48A5 tanks, will greatly increase the fire power capabilities of the Turkish Land Forces Command. The tank thermal sight provides enhanced night fighting capability by using Long Range Infra/Red detectors that enable the tank gunner to detect enemy tanks through darkness, fog or battlefield smoke. The add-on stabilization system allows the tank to fire its main armament while on the move. The procurement of 760 conversion kits would upgrade approximately one-third of the Turkish M48 tank inventory. These kits will be provided in accordance with, and subject to the limitations on use and transfer provided for under the Arms Export Contrl Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question. Turkey will have no diffi-

culty absorbing these tank conversion kits into its armed forces.

There are three prime contractors: Texas Instruments, Dallas, Texas; Control Data Corporation, Alexandria, Virginia; and Cadillac Gage, Warren, Michigan.

Implementation of this sale will require the assignment of two additional U.S. Government personnel for one month and two contractor representatives for one year to Turkey.

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

OMB'S PROPOSAL TO CUT OFF METRO

● Mr. MATHIAS. Mr. President. The Office of Management and Budget has made a preliminary recommendation to eliminate funding in the 1987 budget for the Washington area rapid rail system. The consequences of such an action for one of the Nation's most exemplary and efficient transit systems would be disastrous.

The three jurisdictions that compromise the Washington metropolitan area—Maryland, Virginia, and the District of Columbia—have worked tirelessly over the years with the Federal Government to develop a construction schedule to complete the Metro system in a rational, well-planned way, with the strictest funding requirements. Now, one of the parties to the agreement—the Office of Management and Budget—wants to pull the rug out from under them, by halting all Federal funding and thereby throwing the entire construction schedule out of kilter. It is particularly unfortunate that one of the lines placed in jeopardy is a key element in serving low income residents who rely heavily on public transportation. Such last minute changes in construction schedules and contract negotiations inevitably increase costs.

Our standing in the world and our position as a great power are measured in many ways that go beyond the stocks of arms in our arsenals or the volume of transactions in our economy. The quality of life that we provide for our people is also a measure of our maturity as a nation. Every great power in the world today provides a modern system of public transportation for its capital. The subways in Moscow, London, and Paris serve to illustrate this point. The possibility that the United States should shirk this responsibility is not to be considered seriously by thoughtful people. As highways become more congested it will not be considered seriously by practical people.

I agree that we have to look for new ways to reduce the deficit, but we should not single out programs such as the Washington rapid rail system to shoulder an unfair share of the burden. It is an ideal model for other transit systems around the country. Its ridership is high and increasing, its operating costs are being held in check and its service reliability is among the best in the Nation. No one expects Metro to escape the budget scalpel when the transportation programs are put on the chopping block, but a guillotine is far too drastic a tool.

The Washington Post, in an editorial of December 13, set forth some cogent, well reasoned arguments in favor of providing a more rational adjustment. I commend it to my colleagues and ask that it be printed in the RECORD.

The editorial follows:

OMB'S PROPOSAL TO CUT OFF METRO

Greater Washington's subway system—the grand and often imperiled mass transportation project for the capital that has enjoyed the support of every president since Dwight Eisenhower—is now in its deepest trouble ever. The Reagan Administration's Office of Management and Budget has recommended cutting out all federal spending for completion of the system as envisioned, negotiated and brought along through years of cooperative efforts by federal, state and local governments. It's called "zeroing out" and would take effect in the next fiscal year. The result: routes patiently awaited might never be built. The biggest losers would be the residents of low-income neighborhoods who depend most on mass transit—and who have had to wait the longest.

There's no question that under Gramm-Rudman-Hollings plenty of harsh adjustments are in the offing and that Metro faces its share. But OMB's proposal would undercut delicately negotiated agreements reached by this very administration and all the other participating governments. They already had worked out schedules for keeping subway construction as orderly and economical as possible, within strict financial limitations. That is the only fair way to treat those parts of the region that over the years have committed and pooled their state and local money for other routes while theirs had to wait.

It isn't as if this administration had been mindlessly tossing dollars at some high-speed plaything for the locals. Secretary of Transportation Elizabeth Dole and Ralph L. Stanley, the administration's mass transit chief, have won agreements with metro that are considered models of sensible austerity. And if they believe in what they have accomplished so effectively for a balanced mass transportation system in the capital, they should appeal in the strongest terms for a more rational adjustment. It would be a recognition within the administration of what they have achieved on its behalf already.●

ECONOMIC BENEFITS OF THE STRATEGIC DEFENSE INITIATIVE: SPEECH BY GIANNI AGNELLI, CHAIRMAN OF FIAT

● Mr. WALLOP. Mr. President, I offer for my colleagues' review and study a speech delivered by Gianni Agnelli. Delivered on November 21, 1985, in Brussels, it reviews the potential economic benefits to Europe of participation in the strategic defense initiative. I, myself, as most of us in this body, have concentrated primarily on strategic military and political reasons for SDI. This address adds an important new dimension to discussions of the benefits of research into strategic defense technologies. While his arguments are meant to apply to Europe, they are very relevant to the U.S. economy.

A Chase Econometrics study in 1976 made the following estimates on the economic impact of the U.S. space programs: For every billion dollars invested in space research and exploration, the American gross national product increased by $23 billion; more than 800,000 new jobs were created; and the money multiplier effect was between three and eight. Extrapolating on the technology development resulting from NASA space programs, Mr. Agnelli forecasts major technological benefits to the economy from SDI.

Primary economic benefits derive directly from the transfer of SDI technology into the industrial base. Mr. Agnelli gives likely examples from across the spectrum of the SDI research program. One from the directed energy area is adaptive optics in the mirror systems used to focus lasers and compensate for atmospheric distortion. This technology can be used in industry to control lasers as cutting tools, to permit the use of lasers for long-distance communications, and to develop microscopic imaging systems for the design and inspection of microelectronic circuitry and other miniaturized components. Secondary benefits result from activities needed to implement the results of basic SDI research and could be even greater than the primary ones. They derive from the necessary space infrastructure which would support large-scale industrial development in space. Finally the tertiary benefits accrue. There are alloys, composites, and crystals which can only be manufactured in microgravity. There are pharmaceuticals which can be produced in purities and quantities required only in space. As an indicator of the magnitude of potential benefits, Mr. Agnelli refers to studies estimating revenues for satellite communications alone in the range of $50 to $100 billion annually, with growth rates of 20 to 40 percent.

I hope my colleagues will look carefully at the reasoning and examples that Mr. Agnelli uses. They will be

very relevant during the review of the 1987 SDI funding requests.

The material follows:

Ladies and Gentlemen, etc.: Thank you for the honor of addressing this distinguished gathering on the topic of the American Strategic Defense Initiative. As an Italian and a European, I am deeply concerned about the effect of the Strategic Defense Initiative on the security of my country, and the entire Western European Community. However, there are others here, better suited by training and inclinations to penetrate the byzantine intricacies of global strategy.

Therefore, I would like to address you as an industrialist, a European industrialist, on what I perceive as the opportunities the Strategic Defense Initiative offers for European Economic development.

As you are undoubtedly aware, European industry is suffering from the phenomenon of "high technology lag". Although we excel in the design and manufacture of products based in traditional industrial techniques and mature technologies, we have not kept abreast of the cutting edge technologies. Neither have we been as adept as we might be in exploiting advanced technology developed outside of Europe. In a global market which demands goods of increasingly advanced technology, we run the risk of stagnation and the loss of sizable portion of international trade to those nations which offer state-of-the-art products.

Although beset by structural dislocations inherent in the transition from a traditional, industrial economy to a modern, post-industrial economy, the United States has, in the last five years, created more than eight million new jobs, while Europe has lost several million. The United States has demonstrated its superiority over Europe in the development and application of high technology; it is high technology which is responsible for the majority of the new employment in America. Why should this be the case, when our universities and technical institutions are capable of producing scientists and engineers equal to any in America?

There are two basic causes. First, the American economy remains remarkably unstructured when compared to those of Europe, leading to the establishment of thousands of entrepreneurial companies in what has been termed the "high innovation sector". These small-to-medium sized companies seek out new markets and create their own demand by applying new ideas and advanced technology to the solution of old and emerging problems. The high innovation economy is characterized by rapidly shifting trends; to survive, these companies place a premium on flexibility and creativity. The lack of a large entrepreneurial class in Europe mitigates against the rapid development and exploitation of new ideas. Our whole business, labor and governmental structure is too conservative, too obsessed with security, to compete effectively against companies willing to take major risks on unproven concepts (which, if they succeed, often have spectacular payoffs).

The second major contributor to American success in high technology is the use of major government-sponsored applied research and development programs which act as focusing agents for the creative energies of high technology firms. Daily business activity is sufficient to provide incremental improvements in technology, or new discoveries in narrowly specialized fields. However, a quantum breakthrough to a new level of technology requires a broader, more coherent, effort. Just as ordinary light can be made coherent and focused as a laser to cut through steel, so too can technological development be made coherent and focused to cut through technological barriers which might otherwise seem insurmountable.

In our century, war has often been this kind of focusing agent. The quest for new, efficient instruments of destruction, the threat to individual and national survival, provide the impetus for technological research which, paradoxically, provides the wherewithal for better living peace.

I believe the United States has found a peaceful substitute for warfare as a focus for technological development. Such a program must present broad and challenging technical goals, requiring solutions to new and unforeseen problems in diverse, but related, areas. The program must have goals cast in a Promethean mold, to capture the imagination of scientists and laymen alike, and thereby mobilize the physical and moral resources of the nation in the same manner that the threat to survival mobilizes the nation in war.

I believe that space exploration has provided this role for America. The space program has been the lasting medium for the engineering and entrepreneurial inclinations of the American people, resulting in achievement of extraordinary scope and importance. Consider: in 1958 the United States managed, with great difficulty, to place a two kilogram satellite in low earth orbit; a decade later, men are walking on the moon and returning safely to Earth. Today they are demonstrating the ability of man to live and work in space, and sending unmanned probes to the most remote corners of the solar system.

However, if the only results of the space program were solutions to the immediate technical problems of space flight and the expansion of our abstract knowledge of the cosmos, there would be little economic benefit beyond the aerospace firms involved. But within the solutions to the major problems reside countless minor problems, the solutions to which may have much broader applications than anticipated. These tangential applications, or "spinoffs", have been unanticipated economic windfall, and fully justify the expenses of programs like Apollo or the Space Shuttle by virtue of the new industries and employment they have created.

The full range of technological spinoffs from the space program is too vast to recount here. Those who are interested should investigate the "Spinoff Reports", published by NASA annually. It is sufficient, though, to say that few, if any basic areas of advanced technology which do not owe some or all of their development to the demands of the Space Program.

A few specific examples should prove this point, beginning with fields of microelectronics and computers. If we live in the age of the computer revolution, we may thank the space program. The demands for highly reliable electronic components packaged in the minimum mass and volume were essential for both manned and unmanned space probes, leading directly to the integrated circuit. Missile guidance control, the development of complex navigational algorithms and ballistic computations requiring the execution of many thousands of mathematical operations per second, led to the development of powerful, high speed digital computers. To place these computers aboard weight and volume constrained spacecraft, the computers were made smaller which in turn demanded integrated circuits of much greater density and speed. Today computers found in households and offices are far more capable than any which were available even to military organizations in the early 1960s. The cost of computers has decreased, even as capabilities have increased several orders of magnitude, thanks to improved manufacturing techniques developed out of the American space program.

As secondary spinoff of computers and the space program: computer assisted design and computer assisted manufacturing. Aerospace and automotive manufacturers have eliminated thousands of manhours of precision model making, wind tunnel and prototype testing by using complex computer simulations in the design process. Design changes which previously took months to implement are today tested and verified in hours by feeding the desired parameters into a computer. This technique was first developed in the space program to validate design concepts without the expense of building hundreds of test vehicles.

We also use computers on the assembly line for hundreds of repetitious precision tasks previously done by hand. We at Fiat use many robots in the manufacture and assembly of our automotive products. The technology for these machines was spun off of the remote planetary probe and image processing programs of the space program. Highly realistic cockpit simulators are being used to train and refresh aircrew, and develop responses to inflight emergencies. These simulators, first developed to train astronauts, save the airlines millions of dollars in fuel and maintenance each year, while improving pilot proficiency and safety. Computers and other technologies developed from the space program have revolutionized biomedical science. CAT and ultrasound scans used image processing techniques from space probes. Advanced biomedical sensors were developed out of the space program's need for remote physiological monitoring of astronauts from space.

The need to minimize structural weight and maximize spacecraft payloads led to the invention of a wide range of composite materials with many times the strength of steel at a fraction of the weight. These composites are now being used in aerospace and automotive manufacturing to reduce structural weight and improve the efficiency of aircraft and vehicles. These composites demonstrate many new and existing characteristcs which permit the exploitation of theoretical designs previously deemed impractical due to the lack of available materials. The forwardswept wing now in testing on the X-29 was first conceived in Europe in 1945; but until stiff, high strength carbon-boron epoxy was available, this revolutionary aircraft technology could not be developed. The X-29, along with many of the latest military and commercial aircraft, employ digital fly-by-wire flight control systems first used on manned spacecraft, which reduce pilot workloads, and permits highly efficient flight for reduced cost, and difficult maneuvers throughout the flight regime.

Indeed, space technology has entered our mundane lives so pervasively that it is impossible to pass a single day without encountering some article developed out of the space program.

The effect all this has had on industrial economies is enormous. The entire Apollo program cost the American taxpayer some twenty-three billion dollars over twelve

years. The return on that investment has been staggering. NASA conservatively estimated that the direct return on every dollar invested in the space program is on the order of eight-to-one. On top of this, one must consider secondary and tertiary applications. Example: earth observation satellites. Billions of dollars are saved annually by the advance warning given when hurricanes, blizzards or floods threaten, thanks to weather satellites. Earth resource satellites enable us to spot oil, water and valuabel minerals in remote locations without the time and expense of sending survey teams to the area. The same satellites help locate and combat agricultural diseases by infrared analysis of foliage. The source and effects of pollution can be mapped in the same manner.

In fact, it would not be far from wrong to state that the impact of the space program has been practically incalculable in monetary terms. However, a Chase Econometrics study of 1976 made the following estimates: For every one billion dollars invested in space research and exploration, the American gross national product increased by twenty-three billion dollars; more than eight hundred thousand new jobs were created; the money multiplier effect was between three and eight. It is probably no coincidence that the period of 1972 to 1980, during which America had no ongoing large-scale space program, was a period of economic malaise for the United States. Nor is it entirely coincidence that the American economy has revived in conjunction with a revitalized space program.

What has this to do with the Strategic Defense Initiative? I believe that SDI is potentially the same sort of focusing program as Apollo or the Space Shuttle. Although it has a military purpose, this purpose is purely defensive; indeed, its ostensible goal is the prevention of mass destruction. The technical problems in developing a ballistic missile defense are vast, and push the limits of our present capabilities. The concept is broad and daring enough to capture the imagination and mobilized the kind of support needed to propel a technological breakthrough. Most important, for the first time, the United States is actively seeking multinational European support and participation in this effort.

Whether one supports the strategic goals of SDI is immaterial to the fact that the program presents European industry with the opportunity to participate in what could become the greatest research and development program of the decade. Through exposure to the technology, attitudes and environment of the program, we may be able to translate the experience into the revitalized high technology economy which we desparately need. As presently structured, it is intended only to investigate the technological possibilities of strategic defense. The question of implementation cannot be answered reasonably until such a technical investigation is completed. In any event, implementation is a military-political question outside the realm of industrial policy.

The nature of economic benefits to be derived from SDI research can be characterized as primary, secondary, and teriary.

Primary economic benefits are those derived directly by the transfer of SDI technology into our industrial base; spinoffs of this nature will show the greatest return on investment in the near term. The Strategic Defense Initiative is organized to investigate three major areas of technology: kill mechanisms, such as lasers, kinetic energy weapons, etc.; SATKA, or the Surveillance, Acquisition, Tracking and Kill Assessment sensors and Battle Management, the data processing and communications system required for coordination, fire control and resource management. The technical challenges in each of these research areas are formidable; it may turn out that some are insurmountable in foreseeable future. Nonetheless, coordinated, coherent research will advance the state of technology in all fields involved in the research effort, even if a strategic defensive system is never deployed. The Strategic Defense Initiative Organization recently recognized the economic importance of technological spinoffs by opening an office to identify civilian applications of SDI research and disseminate them to the public. Let me identify just a few of the industrial applications of primary SDI research.

In the field of lasers and directed energy weapons, SDI has already succeeded in improving the efficiency of high energy beam generation. This making the industrial use of lasers as cutting and welding tools more economical. The free electron laser under development for SDI has numerous potential applications in industrial and medical processes because of its capability to alter the frequency of the beam it emits. Lasers are under consideration for tracking and targeting sensors. Laser radar, due to its very short wavelength, has much higher resolution than radio frequency radars to transmit data along lines of sight at much greater densities than are possible with microwave systems. Adaptive optics used to control beam focus and compensate for atmospheric distortion, can be used in industry to control lasers as cutting tools, to permit the use of lasers for long distance communications, and to develop microscopic imaging systems for the design and inspection of microelectronic circuitry and other miniaturized components.

Particle beam technology, especially the neutral particle beam, is exploring areas of particle acceleration and beam control essential to the development of controlled fusion technology, and the technology of ion propulsion.

In kinetic energy weapons, the electromagnetic "rail gun" is considered one of the most promising areas of investigation, capable of accelerating small to moderate sized masses to velocities of over three thousand meters per second in the space of dozen meters, using controlled magnetic pulses. This technology can be used to improve the capabilities of magnetic levitation mass transit systems now under development in Germany and Japan.

The entire realm of SATKA is replete with technological spinoffs. The basic problem of SATKA is developing sensors capable of detecting small objects, of being able to discriminate between legitimate targets and decoys designed to dilute the effectiveness of the defenses. The sensors must also be able to detect minute changes in the state of the target to determine if the defenses have neutralized it. Accomplishing these objectives will require sensors many times more sensitive than those presently in use. New infrared and optical sensors will be used in earth observation satellites to survey and locate resources more effectively even than those in use today. It may be possible, through improved image processing technology, to identify marine resources, such as fish, or plankton, or even submerged mineral resources on the continental shelves. These same image processing techniques will also be used in industrial processes, for monitoring and quality assurance. It has been suggested that particle beams of relatively low power can be used as mass detectors, to determine the density of objects.

Battle Management, however, may be the area in which we see the most important and immediate spinoffs of SDI. Integration of the thousands of separate elements in a ballistic missile defense requires extraordinary data processing rates. For a boost phase intercept, potentially the most cost effective form of defense, processing rates on the order of one hundred million bits per second are needed, several orders of magnitude beyond the capability of all but the most powerful computers available today. Computers for battle management, however, must be cheaper and more compact than the present generation of supercomputers. The requirement for ultra-high speed date processing will give birth to a new generation of computers which will make today's models obsolete. These new computers will probably use parallel, rather than sequential processing, which will require entirely new methods of programming. These computers will be able to process much larger volumes of data and run increasingly complex simulations, which will reduce design and manufacturing costs for industry.

The immense amount of data being processed, and the very short times available for decision making, requires the battle management system to be much more automated than any previous military system. Man is a monitor, an override, a fail-safe component. The dynamic interplay of offense and defense during an engagement implies that the two-dimensional stochastic models used in earlier automated systems will be wholly inadequate. Instead, artificial intelligence and expert systems will be improved greatly to permit rapid, correct responses to unique and rapidly evolving tactical situations. The civilian applications for artificial intelligence of this calibre are awesome. To give but a few examples:

Assembly lines can be more fully automated, and much more flexible. Industry would then be able to shift from the production of a few models with limited variations, to smaller runs of a more diverse product line specifically tailored to consumer needs, without incurring prohibitive expense, by using artificial intelligence to coordinate the subcomponents and processes required for each item in response to programmed inputs.

In aviation, artificial intelligence and expert systems can function as "pilot's associates", monitoring system performance and reducing pilot workloads. In resource exploration or hazardous material processing, remote land rover vehicles or unmanned submersibles will be able to go places too dangerous for humans, without relying on remote control inputs. Such vehicles will be able to maneuver in their environment, equipped with manipulator devices enabling them to carry out their programmed tasks the face of unexpected conditions.

Consider the effect which the computer has had in industry to date, and then imagine the impact of a tenfold or hundredfold improvement in computer performance. Think of the power of a Cray-II packaged to fit atop a desk, and the concomitment reduction of data processing costs when such capability becomes widespread.

Battle management also requires secure, high-speed telecommunications capability, to pass targeting and tracking data, system status, and command signals across global distances. This will require a new generation

of communications satellite of much greater power than now exist. Not only will individual satellites be able to carry a greater number of signals, but, as power increases, the complexity of ground receiver stations will decrease. Within a decade, it may be possible to transceive signals via satellite using ground stations of only a few watts power and dishes less than a meter in diameter.

Electronic, cybernetics, signal and data processing, optical sensors, laser and particle beam technology, telecommunications and material processing, are but a few of the areas which will be advanced by the inherent requirements of a ballistic missile defense system. Even if such a system is never deployed, the benefits of coordinated, coherent research in these areas will spin off into numerous civilian applications.

But from these primary benefits we can also discern a wide range of secondary benefits, resulting from activities needed to implement the results of basic SDI research, may have even greater impact, over the long term, than the primary spinoffs. For example, almost every system architecture described to date requires a large, space-based segment. To emplace this segment will require an integrated space logistics system, including efficient, low cost, space transportation; orbital transfer vehicles; heavy lift vehicles; permanently manned construction and repair stations; and the ground facilities to control them. In addition, space-based weapons will require high density power sources several orders of magnitude beyond any yet deployed. Implementation of space-based defense, therefore, requires the development of a space infrastructure, which is also essential for the large scale industrial development of space. While it is possible that this infrastructure will be developed independent of SDI, there can be little doubt that the connection to strategic defense will accelerate and ensure its development by providing a national (or international) security rationale. With a space infrastructure in place, we will begin to reap the teriary benefits of SDI through the industrialization of space. The markets for space are huge, untapped treasures waiting to be mined. There are alloys, composites and crystals which can only be manufactured in microgravity. There are pharmaceuticals which can be produced in purities and quantities required only in space. There is free and abundant energy for industrial processes, free and available vacuum and radiation. There are literally thousands of applications which we have not even imagined. The economic potential of this market is practically unlimited. Studies have shown that revenues for satellite communications alone will be in the range of fifty to one hundred billion anually, with growth rates of twenty to forty percent. It is estimated that by the year 2000, space industrialization will create between two and three billion new jobs in the United States alone, even at the unambitious pace now being pursued. The Aerospace Industries Association estimates that every million dollars spent on space activities creates one hundred direct new jobs, which does not include the service industries which will evolve to support rapidly expanding space industries.

In the short term, however, I believe that the primary benefits of SDI basic research justify European participation in the program. Failure to participate will concede a monopoly to American firms on any technologies emerging from SDI, which can only harm our competitive position. Fortunately, the United States is actively soliciting our participation in the venture, obviously for political reasons. But their motivation should not deter us from taking advantage of a situation which will benefit the economics of all who participate.

Unfortunately, there are several impediments to successful European participations, some of which are the fault of the Americans, but others which can be laid at our own door.

European industry has been sceptical of the Strategic Defense Initiative as a means of acquiring new technology. Some do not see the benefits as being as important and far-reaching as I have described. All that can be said is that every day brings forth evidence that, if anything, the description I have given you is not visionary enough.

More European industrialists are sceptical of the willingness or ability of America to have a meaningful European segment to SDI. I believe this is due in part to a misappreciation of the size and nature of the present program. Numbers are being tossed about, such as twenty, fifty, or one hundred billion dollars, as the ultimate budget of SDI. In fact, at this point, the SDI is working on a very slender budget. General Abrahamson's request this year was for 3.7 billion dollars; he received 2.9. Budgets for the next few years will run between six and ten billion dollars. If the contracts being offered are not for very large amounts, blame the total program budget, not American unwillingness to offer money to Europeans.

You will also note that of the money authorized for the program, the majority of the funding has gone to a relative handful of large American firms. A European might well ask what is left for him? How can he compete against a large, incumbent contractor? This is again a misperception of the program. The large contractors awarded to date have gone to companies involved in the development of large-scale demonstration hardware, the laser test beds, particle beams, or interceptors. These programs predate SDI by as much as a decade, having originated with the individual American services, and were brought under the SDI umbrella in 1983. As the programs nearest to fruition, it is natural that funding be allocated to them as a top priority. But as the overall funding level of the program expands, and new areas of investigation begin to mature, there will be many opportunities for European involvement. There will be areas in support and ancillary functions which do not receive the attention of major American companies, which provide us with opportunities to acquire new technology without direct competition with America's aerospace giants. As SDI matures, additional problems, not previously forseen, will require solutions. In that arena we will start on the same footing as the Americans; if we have competitive ideas, we will win a share of the budget.

But in this regard, I will remind you that the direct funding we receive from SDI will never be a large enough amount (barring actual deployment of a ballistic missile defense) to justify a major commitment of resources on our part. It is the acquisition of the technology and our ability to spin off marketable applications that is our major benefit.

Aside from the level of scepticism in European business, there are several other significant impediments to overcome. At the highest level, there is the irreducible fact that SDI is a military program with a political and strategic dimension. The factor of national interest makes the normal customer-contractor relationship inadequate for this program. Since each nation in the Alliance has a different perception of its security needs and the effects of SDI upon them, there will be widely divergent positions on the issue; a consistent policy is unlikely.

The strategic dimension also introduces the problems of security and technology transfer. We are all aware of the efforts of the Soviet Union in the realm of technical and scientific espionage, and of the efforts of the United States to halt what it perceives as a hemorrage of technological secrets to the Eastern Bloc. We are also aware that American actions in this direction have in the past caused friction within the Alliance. Since the areas investigated by SDI will have critical military applications, it is obvious that the United States will attempt to control their dissemination. However, if technology transfer controls are too strict, the effect may be discouragement of the European participation the United States ostensibly wishes to foster. Many European firms probably will defer any decision on participation until definitive technology transfer guidelines have been negotiated between the respective governments.

At a lower level of policy-making, Europeans face a number of bureaucratic hurdles to meaningful participation. At the root of our problems is our lack of experience in programs of this nature. We do not know the ground rules, nor do we have the personal contacts of American high technology firms. Therefore, we are disadvantaged simply trying to get in the door. Compounding our difficulties is the well known predilictions of the U.S. Department of Defense against the procurement of non-American material. There is a two way street, but the traffic is much heavier from west to east than vice versa. The American Congress must share the blame for this, through the enactment of "Buy American" legislation, which effectively bars our participation in research and development programs. Significant European participation in SDI may also have an adverse effect on American public opinion, if it is perceived as depriving American companies of work.

In addition, European industry will be entering the SDI market several years behind American companies. We will need special assistance to assimilate the progress which has been made to date, and to identify market areas in which we can make significant contributions. How, then, can European participation in SDI be implemented successfully? There are four basic approaches which may be taken.

First, efforts may be made in a decentralized manner through the private sector. Individual firms may bid on SDI research projects without any coordination with other companies or their own governments. Companies would enter the program with small contracts and grow from within. This approach offers speed and flexibility, but an individual firm lacks major bargaining leverage when facing opposition from American companies and the previously noted bureaucratic impediments. In addition, companies may be reluctant to commit their resources in the absence of a public commitment to SDI, especially when one considers the skepticism with which the entire program is viewed.

A second approach would involve coordinated action by several firms, without any formal governmental backing. A consortium would bid competitively for contracts, using their combined resources to gain bargaining

power. However, coordination within a consortium is relatively poor, leading to longer response times and higher costs. The track record of large corsortium programs is not good—witness the Concorde, Jaguar, Alpha Jet and other aerospace programs. In addition, as a purely private venture, the consortium would still lack the governmental support needed to coordinate between national authorities and to mitigate some of the risks involved.

The third approach involves formal bilateral agreements between the United States and individual European governments. Under the terms of such an agreement, areas of cooperation would be established, and the European government involved would distribute contracts among its industrial firms. An arrangement of this nature is not practical at this moment due to the limitations of the American procurement system. The American system is based on competition for all but a few categories of procurement, and it is not at all clear if existing laws and regulations would permit relegation of a sizeable portion of the SDI budget to European governments for distribution to their industries. In addition, there is need for close, direct contact between the contractor and the sponsoring agency, which will inevitably lead to the creation of a dual level bureaucracy, with intergovernmental coordination layered above the technical interface, causing unnecessary duplication of administration, delays, and increased costs.

The fourth option is a multilateral intergovernmental arrangement based either within the NATO Alliance or the EEC. The agreement would apportion the work to be done by each nation; the national governments would then distribute contracts to individual firms. This is the least plausible alternative. Aside from its unnecessary complexity, it is probably impossible to arrive at such an agreement due to the differing political and strategic positions among the allies.

Each of the four options individually has some major disadvantage. It appears, though, that a combination of the first and third options offers the best available compromise. Initially, European companies should attempt to penetrate the SDI market on their own, using relatively small projects to build confidence and a base of experience. At some later point, direct bilateral agreements must be worked out by the respective governments to coordinate higher policy issues and provide bargaining leverage for industry. This approach offers flexibility to take advantage of the fluid state of SDI research, and would, at a later stage, provide some of the bargaining leverage and security which a European firm would need prior to committing major resource to SDI.

It will be difficult to implement such an arrangement. The problems are twofold, involving both European and American governments. From the perspective of a European government, the initial contract amounts are very small, rarely more than a few million dollars. It will be difficult to convince a government to commit its political capital for what appears to be a program of minor economic consequence. In response, it must be noted again that the dollar amounts awarded for SDI contracts will increase over time, but more importantly, that the direct cash outlays for SDI are not the major rationale or benefit of European participation. Rather, by exposure to new technologies and directed research, European industry will be able to spin off applications which will be many times greater than the profit from direct SDI payments.

There are several problems from the American side, related to the unique manner in which the United States manages military procurement. If we are going to commit ourselves to SDI, we must have assurance that contracts will actually be awarded for the projects on which we bid. Unlike agreements between European governments, cooperative agreements with the United States carry no guarantees, no multiyear or fixed dollar procurements. In addition, American procurement regulations requiring competitive bidding on all but a few contracts places us at a disadvantage. The divided responsibility for foreign policy in the American system also hinders our cooperation. We have no assurance that agreements negotiated with the Executive branch will be ratified by the Legislature, or that Congress will not abrogate or repeal an existing agreement. We have participated in many programs in which the contractual rug have been pulled out from under us.

If the United States truly wishes our participation in SDI, then direct diplomatic negotiations are required to map our new procedures for administering international programs. This is an unprecedented undertaking, and existing laws and regulations do not meet their unique conditions. We need guarantees that we will be able to penetrate the SDI market on a large scale, either by blocking out funds reserved for European ventures, or by delegating particular areas of investigation to European firms. We require guarantees that contract awards will actually be made, and that the United States has a long-term commitment to SDI which justifies a major investment of resources on our part. American procurement laws must be amended for greater flexibility, or some form of waiver used to exempt European participants from elements of a system to which they are not adapted.

In return, we Europeans must become more entrepreneurial. We must have the vision, creativity and flexibility to exploit the new areas of technology which will be opened, if we are to reap real benefits from our participation. The space research and development activities being initiated in the United States today will revolutionize the technology products of the near future. It is vital that European industry not be left behind as the rest of the world moves into a new industrial revolution.

Europeans in government and industry must be less sceptical of American motivations and capabilities. For more than forty years the United States has been a steadfast ally and firm friend to Europe. During that same period we have seen American genius bring about industrial and technological changes which a half century ago seemed mere fantasy. The United States has once more set forth on a major technological undertaking. They ask for our cooperation and participation. I believe it is in our best interest to accept this truly generous offer. It is in our best interest to see that any cooperative program succeeds. It is the responsibility of all parties, European and American, to work in good faith to remove the roadblocks preventing quick and meaningful participation in the Strategic Defense Initiative.●

PRODUCT LIABILITY REFORM

● Mr. DANFORTH. Mr. President, on December 20, I made a statement for the record concerning a new staff working draft of product liability reform legislation. Unfortunately, this draft was mistakenly printed as a new bill, S. 1999.

I want to take this opportunity to emphasize that this text is still in the drafting stages and will be subject to further changes and much discussion among members of the Commerce Committee. While it is premature to endorse specific provisions of this draft, I am confident that hearings early in 1986 will lead to prompt committee consideration of legislation to address the serious need for product liability reform.

Also, on December 20, I asked that this staff working draft be printed in the RECORD to facilitate discussion of these latest proposals. Since this was not done, I renew my request that the new staff working draft of product liability reform legislation be printed in the RECORD immediately following these remarks.

The material follows:

[Staff Working Draft—No. 2]

S. —

A bill to regulate interstate commerce by providing for a uniform product liability law, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SHORT TITLE

SEC. 101. This Act may be cited as the "Product Liability Voluntary Claims and Uniform Standards Act".

DEFINITIONS

SEC. 102. As used in this Act, the term—

(1) "capital good" means any product, other than a motor vehicle, or a vessel, aircraft, or railroad used primarily to transport passengers for hire, or any component of any such product, if it is also of a character subject to allowance for depreciation under the Internal Revenue Code of 1954 and was—

(A) used in a trade or business;

(B) held for the production of income; or

(C) sold, leased, or donated to a governmental or private entity for the production of goods, for training, for demonstration, or other similar purposes;

(2) "claimant" means any person who submits an expedited product liability claim or brings a civil action subject to title II or III of this Act, and any person on whose behalf such a claim is submitted or such an action is brought; if such a claim is submitted or such an action is brought through or on behalf of an estate, the term includes the claimant's decedent, or if it is brought through or on behalf of a minor or incompetent, the term includes the claimant's parent or guardian;

(3) "clear and convincing evidence" is that measure or degree of proof that will produce in the mind of the trier of fact belief or conviction as to the truth of the allegations sought to be established; the level of proof required to satisfy such standard is more than that required under preponderance of the evidence, but less than that required for proof beyond a reasonable doubt;

(4) "commerce" means trade, traffic, commerce, or transportation (A) between a

place in a State and any place outside of that State; or (B) which affects trade, traffic, commerce, or transportation described in clause (A);

(5) "commercial loss" means economic injury, whether direct, incidental, or consequential, including property damage and damage to the product itself, incurred by persons regularly engaged in business activities consisting of providing goods or services for compensation;

(6) "exercise of reasonable care" means conduct of a person of ordinary prudence and intelligence using the attention, precaution and judgment that society expects of its members for the protection of their own interests and the interests of others;

(7) "exposure" means proximity permitting absorption, ingestion or inhalation of a substance through any body surface;

(8) "harm" means (A) personal physical illness, injury, or death of the claimant; (B) mental anguish or emotional harm of the claimant caused by or causing the claimant's personal physical illness or injury; and (C), for purposes only of title III of this Act, physical damage to property other than the product itself; the term does not include commercial loss;

(9) "manufacturer" means (A) any person who is engaged in a business to produce, create, make, or construct any product (or component part of a product) and who designs or formulates the product (or component part of the product) or has engaged another person to design or formulate the product (or component part of the product); (B) a product seller with respect to all aspects of a product (or component part of a product) which are created or affected when, before placing the product in the stream of commerce, the product seller produces, creates, makes, or constructs and designs or formulates, or has engaged another person to design or formulate, an aspect of a product (or component part of a product) made by another; or (C) any product seller not described in clause (B) which holds itself out as a manufacturer to the user of a product;

(10) "person" means any individual, corporation, company, association, firm, partnership, society, joint stock company, or any other entity (including any governmental entity);

(11) "preponderance of the evidence" is that measure or degree of proof which, by the weight, credit, and value of the aggregate evidence on either side, establishes that it is more probable than not that a fact occurred or did not occur;

(12) "product" means any object, substance, mixture, or raw material in a gaseous, liquid or solid state (A) which is capable of delivery itself or as an assembled whole, in a mixed or combined state or as a component part or ingredient, (B) which is produced for introduction into trade or commerce, (C) which has intrinsic economic value, and (D) which is intended for sale or lease to persons for commercial or personal use; for the purposes of this Act, the term does not include (i) industrial waste, atmospheric pollutants, and water contaminants, (ii) human tissue, blood and blood products, or organs, or (iii) tobacco or alcoholic beverages sold for human consumption; and for the purposes of title II of this Act, any product purchased by the United States Government which is manufactured to United States Government design specifications for use in an aerospace or defense application.

(13) "product seller" means a person who, in the course of a business conducted for that purpose, sells, distributes, leases, prepares, blends, packages, labels, or otherwise is involved in placing a product in the stream of commerce, or who installs, repairs or maintains the harm-causing aspect of a product; the term does not include—

(A) a seller or lessor of real property;

(B) a provider of professional services in any case in which the sale or use of a product is incidental to the transaction and the essence of the transaction is the furnishing of judgment, skill, or services; or

(C) any person who—

(i) acts in only a financial capacity with respect to the sale of a product; and

(ii) leases a product under a lease arrangement in which the selection, possession, maintenance, and operation of the product are controlled by a person other than the lessor;

(14) "relevant point in time" means, for the purposes of title III of this Act, the earlier of the time of manufacture of a product or certification of an aircraft or its parts or accessories by the Federal Aviation Administration;

(15) "Secretary" means the Secretary of Commerce;

(16) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States, or any political subdivision thereof;

(17) "toxic agent" means an object, substance, mixture, raw material, or physical agent producing or capable of producing toxic harm in humans; the term does not include genetic or other physiological predisposition to toxic harm or environmental background factors to which general population is exposed;

(18) "toxic harm" means harm which is functional impairment, illness, or death of a human being resulting from exposure to an object, substance, mixture, raw material or physical agent of particular chemical composition.

PREEMPTION

SEC. 103. (a) This Act governs any civil action brought against a manufacturer or product seller, or any theory, for personal injury or property damage caused by a product. A civil action brought against a manufacturer or product seller for loss or damage to a product itself or for commercial loss is not subject to this Act and shall be governed by applicable commercial or contract law.

(b) No civil action may be brought in any Federal or State court against a manufacturer or product seller for personal injury or property damage caused by a product other then an action for recovery for harm brought pursuant to this Act.

(c) This Act supersedes any State law regarding recovery for any injury or damage caused by a product only to the extent that this Act establishes a rule of law applicable to any such recovery. Any issue arising under this Act that is not governed by any such rule of law shall be governed by applicable State or Federal law.

(d) Nothing in this act shall be construed to—

(1) waive or affect any defense of sovereign immunity asserted by any State under any provision of law;

(2) supersede any Federal law, except the federal Employees Compensation Act;

(3) waive or affect any defense of sovereign immunity asserted by the United States;

(4) affect the applicability of any provision of the foreign Sovereign Immunities Act of 1976 (28 U.S.C. 1602 et seq.);

(5) preempt State choice-of-law rules with respect to claims brought by a foreign nation or a citizen of a foreign nation;

(6) affect the right of any court to transfer venue or to apply the law of a foreign nation or to dismiss a claim of a foreign nation or of a citizen of a foreign nation on the ground of inconvenient forum; or

(7) supersede any statutory or common law, including an action to abate a nuisance, that authorizes a State or person to institute an acton for civil damages or civil penalties, clean up costs, injunctions, restitution, cost recovery, punitive damages, or any other form of relief resulting from contamination or pollution of the environment, or the threat of such contamination or pollution.

(e) As used in this section, "environment" has the meaning given to such term in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)).

(f) This Act shall be construed and applied after consideration of its legislative history to promote uniformity of law in the various jurisdictions.

RECORD RETENTION

SEC. 104. (a) A manufacturer of a product for which recovery may be sought under title II or subject to title III of this Act shall retain for a period of twenty-five years one copy of all studies or reports within the manufacturer's possession, custody, or control, which assess the risks or hazards posed by the design or formulation of the product. A manufacturer of such a product also shall retain for a period of twenty-five years a record of each reported incident of death, injury, or illness resulting or alleged to have resulted from the use of the product.

(b) Any claimant and any person who is a party to a civil action governed by this Act or who has notice that he or she may be made a party to such an action shall retain all material, documents and other data (including, in the case of the claimant, the product alleged to have caused the claimant's harm) within that person's possession, custody or control that are relevant or may lead to the discovery of evidence relevant to the claim or action.

(c) In any action governed by this Act, if the court determines that a party has willfully disposed of, destroyed, concealed, altered or removed any material, document or data in violation of subsection (a) or (b) of this section, there shall be a rebuttable presumption that the facts to which the material, document or data relate are established in a manner adverse to the position of the party who has committed the violation. The court shall assess a civil penalty against such party in an appropriate amount not less than $1,000 and order such party to pay the other party's costs, including reasonable attorney's fees, incurred in proving the violation.

(d) In any action governed by this Act, if the court determines that a party has nonwillfully violated subsection (a) or (b) of this section, and that no other means are available to establish the facts to which the unavailable material, document or data relate, the court may, in the interest of justice, establish a rebuttable presumption that the facts to which the material, docu-

ment or data relate are, for the purposes of such action, established in a manner adverse to the party who has committed the violation.

ATTORNEY DISCLOSURE

SEC. 105. (a) As used in this section, the term—

(1) "attorney" means any natural person, professional law association, corporation, or partnership authorized under applicable State law to practice law; and

(2) "client" means any person who consults or seeks to retain an attorney in connection with a claim or civil action brought under or subject to this Act.

(b) An attorney who is contacted by a client inquiring about rights of recovery for harm caused by a product or seeking to engage the attorney's services in connection with a claim or civil action brought under or subject to this Act shall provide the client with—

(1) an explanation of the options specified in titles II and III of this Act for recovery for harm caused by a product, including—

(A) the elements of proof and potential recovery under such options;

(B) the time periods specified in this Act for payment if the client submits an expedited claim under title II of this Act;

(C) the length of time that is likely to be required for the client's recovery in a civil action under title II or title III of this Act; and

(D) an estimate of the likelihood of the client's recovery pursuant to such options; and

(2) an estimate of the attorney's time, fees, and expenses, and all other potential costs, expenses, and penalties payable or to be paid by the client seeking recovery under title II or pursuant to title III of this Act.

(c) If an attorney fails to disclose to a client the information required by this section, the client may bring a civil action for damages in the court in which an action under title III of this Act was or could have been brought. An attorney who fails to make the disclosure required by this section shall be liable for any loss caused the client by such failure and for exemplary damages in the amount of the client's net economic loss, as defined in section 202 of this Act. The provisions of this section shall be in addition to and not in lieu of any other available remedies or penalties.

SERVICE OF PROCESS

SEC. 106. The summons and complaint in any action brought under or subject to this Act shall be served as provided by the applicable law or rules of the court where such action is brought, except that the delivery of the summons and complaint upon the defendant or the defendant's agent as required by applicable State or Federal rules may be made by certified mail, return receipt requested, whether within or beyond the territorial limits of the State in which the action is brought.

ADMISSIBILITY OF CERTAIN EVIDENCE

SEC. 107. Evidence that a manufacturer or product seller has admitted liability, expressly or impliedly, or has made payment to a claimant for harm caused by a product under title II of this Act shall not be admissible in any other action brought under or subject to this Act or otherwise by another claimant.

EXPERT OPINION

SEC. 108. For the purposes of this Act, expert scientific or medical opinion is not sufficient evidence to establish any fact unless such opinion has support in peer-reviewed scientific or medical studies.

SUBSEQUENT REMEDIAL MEASURES

SEC. 109. In an action governed by this Act, evidence of any measure taken by a manufacturer or product seller after the occurrence of a claimant's harm which, if taken previously, would have made the harm less likely to occur is not admissible to prove liability. Such evidence may be admitted when offered for another purpose, such as proving ownership, control, or feasibility of precautionary measures, if controverted, or impeachment.

PRODUCT LIABILITY REGISTRY

SEC. 110. (a) Any manufacturer who is not incorporated or registered to do business under the law of a State shall appoint an agent for service of process in the United States upon whom service of process may be made pursuant to section 106 of this title and claims presented pursuant to section 201 of title II of this Act. Any such manufacturer shall transmit notice of the appointment of such an agent and of the agent's address to the Secretary, in accordance with regulations promulgated by the Secretary.

(b) The Secretary shall maintain a registry of agents appointed pursuant to subsection (a) of this section, and shall furnish the name and address of any agent to any person requesting such name and address for the purpose of making service of process or submitting a claim under this Act.

(c) Not later than twelve months after date of enactment of this Act, the Secretary shall promulgate regulations establishing financial-responsibility requirements for manufacturers who are required by subsection (a) of this section to appoint an agent for service of process. Financial responsibility may be established in accordance with such regulations by insurance, guaranty, surety bond, or letter of credit, or any combination thereof.

(d) Any manufacturer who fails to comply with a provision of this section or a regulation issued under this section shall be liable to the United States for a civil penalty in an amount not to exceed $5,000 for each day of such non-compliance. Such civil penalty shall be assessed by the Secretary by the issuance of an order made on the record after opportunity for a hearing in accordance with section 554 of title 5, United States Code. The amount of such penalty when finally determined may be deducted from any sums owed by the United States to the person charged. Any person who requested a hearing respecting the assessment of a civil penalty and who is aggrieved by an order assessing a civil penalty may file a petition for judicial review of such order with the United States Court of Appeals for the District of Columbia Circuit within the 30-day period beginning on the date the order making such assessment was issued. If any person fails to pay such an assessment the order to pay such penalty becomes a final order or, where a petition for judicial review has been filed, after the court has entered final judgment in favor of the Secretary, the Attorney General shall recover the amount assessed, plus interest at currently prevailing rates, in an action brought in an appropriate district court of the Unites States. In such an action, the validity, amount and appropriateness of the penalty shall not be subject to review.

PRODUCT LIABILITY REVIEW PANEL

SEC. 111. (a) In order to carry out the purposes of this section, there shall be established a Product Liability Review Panel (hereinafter referred to as the "Review Panel"). The Review Panel shall be composed of three members selected by the Judicial Conference of the United States on the basis of their expertise regarding civil actions and recovery for personal injury or property damage caused by products, and four members selected by the National Academy of Sciences on the basis of their expertise regarding economic, medical, and scientific aspects of the subject matter of the study. A chairman and a reporter shall be elected from among the seven members of the Review Panel.

(b) The Review Panel shall conduct a study to assess the expedited procedures and remedies provided by title II of this Act. As part of such study, the Review Panel shall evaluate—

(1) the adequacy of such procedures and remedies in providing fair compensation in a prompt and cost-effective manner for harm caused by products, including toxic harm caused by exposure to products, and harm, whether toxic or non-toxic, caused by drugs and medical devices used in human health care, as well as by other products;

(2) the scope of the evidentiary burdens placed on claimants under title II of this Act in proving the causes of harm, including toxic harm, particularly in light of scientific uncertainty regarding causation of certain human health effects;

(3) the availability and cost of product liability insurance for claims under title II of this Act;

(4) the costs imposed on claimants, manufacturers, and the judicial system by the procedures and remedies provided by title II of this Act; and

(5) the success of the procedures and remedies set forth in titles II and III of this Act in providing both incentives for product safety and adequate compensation for persons harmed by defective products.

(c) The Review Panel shall conduct such hearings, conferences or public forums as are necessary to assure adequate public participation in its proceedings.

(d) Within thirty-six months after the date of enactment of this Act, the Review Panel shall submit to the Congress a report containing the results of the study required by this section, with appropriate recommendations. Such recommendations shall address specifically the need to amend or supplement the provisions of this Act.

(e) A member of the Review Panel who is not an officer or employee of the Federal Government shall be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule pursuant to section 5332 of title 5, United States Code, for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Review Panel.

(f) There are authorized to be appropriated for the purpose of this section such sums as may be necessary. Such sums shall remain available until expended.

EFFECTIVE DATE

SEC. 112. (a) This Act shall be effective on the date of its enactment and shall apply to all expedited claims submitted pursuant to title II of this Act on or after that date and all civil actions subject to title III of this Act commenced on or after that date, including any claim or action in which the harm or the conduct which caused the harm occurred before the effective date.

(b) If any provision of this Act would shorten the period during which a manufacturer or product seller would otherwise be exposed to liability, the claimant may, notwithstanding the otherwise applicable time period, submit an expedited claim to such a manufacturer or bring any civil action governed by this Act within one year after the effective date of this Act.

TITLE II

EXPEDITED PRODUCT LIABILITY CLAIMS PROCEDURE

SEC. 201. (a) A person who has suffered harm caused by a product, other than an employee of the product's manufacturer who suffers such harm in the course of his employment, may submit an expedited claim under this title to the nanufacturer, except that no claim for harm occurring outside of the United States may be brought under this title by a person who is not a citizen of the United States.

(b) A person who submits such a claim under this title for harm caused by a product may not seek recovery for damages arising from the same harm in a civil action governed by title III of this Act, if the manufacturer—

(1) makes payment of net economic loss to the claimant, pursuant to section 206(b) or 209(a) of this title;

(2) declines to make full payment solely because of a dispute over the amount of net economic loss, pursuant to section 206(d) or 209(b) of this title; or

(3) declines liability for the claimant's harm or fails to respond as required by section 206(a) of this title, and the claimant seeks recovery for the harm pursuant to section 208 of this title.

(c) No person may submit an expedited claim to a manufacturer under this title if there is pending against the manufacturer a civil action brought by such person under any theory, under any law, to recover damages for the same harm.

(d) In the absence of a prior written agreement to the contrary, a manufacturer who makes payment under this title for damages caused by a product or who is found not liable for such harm under section 208 of this title may not be made a defendant in any action brought by any other party for contribution, reimbursement, or indemnity for damages arising from the same harm.

(e) Payment of an expedited claim for harm under this title or a finding of nonliability under this title shall not bar an action governed by title III of this Act for associated harm which is physical damage to property other than the product itself.

MANUFACTURER'S LIABILITY FOR NET ECONOMIC LOSS

SEC. 202. (a)(1) As used in this title, the term "net economic loss" means—

(A) reasonable expenses incurred for reasonably needed and used medical and rehabilitation care and services;

(B) lost income from work which the claimant would have performed if the claimant had not suffered harm, reduced by any income earned from substitute work actually performed by the claimant or by income the claimant would have earned in available appropriate work which the claimant was capable of performing but unreasonably failed to undertake;

(C) reasonable expenses incurred in obtaining ordinary and necessary services in lieu of those the claimant would have performed, not for income, but for the benefit of the claimant or the claimant's immediate family, if the claimant had not suffered the harm;

(D) lost earnings of a deceased person who suffered fatal harm caused by a product which, if the person had not died, would have been contributed to claimants who are entitled to received benefits by reason of such person's death under the law of the place where the deceased person was domiciled; and

(E) reasonable expenses incurred by the claimant in preparation and submission of a voluntary expedited claim prior to the date on which notice is given by the manufacturer pursuant to section 206(b), 206(d), or 209 of this title, including a reasonable attorney's fee,

less the total amount of compensation for economic loss paid or payable to the claimant by reason of the same harm from any other source, including any such compensation paid or payable under any government program (including workers' compensation) or employee benefit plan, or pursuant to any private insurance policy or program or any prepaid medical benefit plan.

(2) The lost income taken into account under paragraph (1)(B) of this subsection shall be reduced by the amount of all Federal, State, and local income taxes and any Social Security or other payroll taxes which would be applicable to such income, but which would not be applicable to compensation paid under this title.

(b) A manufacturer's liability under this title for harm caused by a product is limited to the claimant's net economic loss resulting from such harm.

(c) Where harm occurs in circumstances that might entitle a claimant to benefits (including workers' compensation benefits) which would reduce the amount of the claimant's net economic loss in accordance with subsection (a)(1) of this section and it cannot reasonably, within the time provided for payment of net economic loss under section 206(a) of this title or any reasonable extension of such time, be determined whether or in what amount such benefits will be payable, the manufacturer shall place in an interest-bearing escrow account that portion of the economic loss which the manufacturer reasonably anticipates the claimant will receive from such other sources, until the claimant's right to such benefits and the amount of such benefits finally has been determined under applicable law.

(d) The total amount of compensation for economic loss paid or payable to a claimant from any other source shall, for purposes of subsection (a) of this section, be reduced by the amount of legal fees and other costs incurred by the claimant in collecting such compensation.

(e) Attorney's fees may be on a contingent basis but, for the purposes of subsection (a) of this section, shall be calculated on the basis of an hourly rate which should not exceed that which is considered acceptable in the community in which the attorney practices, considering the attorney's qualifications and experience and the complexity of the case.

(f) Except as otherwise provided by any provision of Federal law, no program of compensation, whether public or private, the benefits of which would be deducted from claimant's economic loss in order to calculate net economic loss under this section, may make payment of benefits secondary to payment of net economic loss by a manufacturer under this title.

SUBMISSION OF AN EXPEDITED CLAIM

SEC. 203. (a) Within ten days of receipt of notice of injury alleged to have been caused by a product, a manufacturer shall provide persons seeking to recover for harm caused by a product with a clear and comprehensive written explanation of their rights under this Act, including their right or representation by counsel, and with any forms required for filing an expedited claim. Within one hundred twenty days of the effective date of this Act, the Secretary shall make available a model explanation of such rights and model forms. A manufacturer who provides a claimant with copies of such explanation and forms shall be deemed to have satisfied the requirements of this subsection.

(b) A person seeking to recover under this title from a manufacturer for harm caused by a product shall submit an expedited claim by certified mail, return receipt requested, to the manufacturer.

(c) In order to be deemed a complete claim for purposes of section 206 of this title, a claim submitted to the manufacturer pursuant to subsection (b) of this section must be accompanied by—

(1) except as provided in subsection (d) of this section, reasonable proof that the manufacturer made the individual product unit that caused the harm;

(2) full information regarding the date, place, and time of the harm's occurrence, the cause, nature and extent of the harm, and the nature and the amount of economic loss caused by the harm;

(3) copies of all bills for which payment is sought, including medical bills;

(4) copies of all medical reports or records within the possession of the claimant relating to the harm for which recovery is sought;

(5) a statement of lost income for which recovery is sought;

(6) the name and address of any other source of compensation paid or payable to the claimant for such economic loss, and the amount of any such compensation; and

(7) an affirmation or declaration, under penalties of perjury, that, to the best of the claimant's knowledge, the information provided with the claim is accurate.

(d) Any person seeking to recover under this title for toxic harm of a kind which manifests itself only many years after exposure may, where it is not possible for such person, despite every reasonable effort, to identify the manufacturer of the individual product unit that caused the harm, submit a product liability claim in accordance with the provisions of this section to any manufacturer of a product that is identical and chemically indistinguishable from the product which caused the harm if that manufacturer's product was available at the time when, and in the market in which, the product that caused the harm was purchased. In addition to the information required by subsection (c) of this section, the claimant shall provide the manufacturer with an adequate explanation of its inability to identify the manufacturer of the individual product unit which caused the toxic harm.

(e) An expedited claim under this section must be submitted within two years of the time the claimant discovered or in the exercise of reasonable care should have discovered the harm and its cause, except that a claim of a person under legal disability may be submitted within two years after the disability ceases.

DUTY TO DISCLOSE INFORMATION

SEC. 204. (a) A claimant shall, as a condition to recovery under this title—

(1) cooperate fully and expeditiously with the manufacturer in its reasonable investigation of the circumstances of the harm and of the net economic loss claimed as a result of such harm; and

(2) promptly update during the course of the manufacturer's investigation all medical information and information relevant to the calculation of net economic loss previously furnished pursuant to section 203(c) of this title.

(b) In addition to the information to be furnished pursuant to section 203(c) of this title, the claimant shall, upon request, deliver to the manufacturer a copy of every written report made before or after the date of request, which is available to the claimant and is not otherwise available to the person making the request, concerning any relevant medical treatment or examination of the claimant. In addition, the claimant shall, upon request, deliver to the manufacturer the names and addresses of all physicians, hospitals and other persons examining, diagnosing, treating, or providing services to the claimant in connection with the harm or any other relevant past injury. The claimant shall authorize the person making such request to inspect all relevant records made by such persons.

(c) Any person (other than the claimant) providing information pursuant to this section shall be entitled to reimbursement from the requesting party for costs reasonably incurred in providing such information.

LIABILITY FOR HARM

SEC. 205. (a) Where an expedited claim has been submitted to a manufacturer in accordance with section 203 of this title, the manufacturer is liable to the claimant, to the extent provided in section 202 of this title, if—

(1) the product, when it left the control of the manufacturer, was unreasonably dangerous; and

(2) the unreasonably dangerous aspect of the product was a proximate cause of the claimant's harm while the product was being used in a manner and for a purpose intended by the manufacturer or which could be reasonably anticipated by the manufacturer,

unless the claimant acted in some material respect in a manner which was a gross failure to exercise reasonable care.

(b) A product is unreasonably dangerous for purposes of this section unless the manufacturer of the product establishes by a preponderance of the evidence that—

(1) the product's utility so outweighs the risk of the harm caused the claimant that a person knowing of such risk would, nonetheless, in the exercise of reasonable care, be justified in placing a product so constructed, designed, or formulated in the stream of commerce; and

(2)(A) the risk of the harm caused the claimant would either have been apparent to a reasonably observant person or would have been a matter of common knowledge to persons in the claimant's situation; or

(B) if the risk of the harm caused the claimant would not have been apparent to a resonably observant person or would not have been a matter of common knowledge to persons in the claimant's situation, that (i) if the risk in question was avoidable, the manufacturer provided a warning or instruction adequate to enable a person exercising reasonable care to avoid the risk, or (ii) if the risk in question was unavoidable, the manufacturer provided information adequate to permit a person exercising reasonable care to make an informed decision whether to assume the risk.

(c)(1) A product which is a drug or a device which may only be or is, in fact, only administered, applied, used or dispensed by a practitioner licensed by law to administrates, apply, use or dispense such drugs or devices is not unreasonably dangerous for purposes of this section, if the manufacturer has taken reasonable steps to provide such practitioner with warnings and instructions with respect to the harm in question which are in compliance with the requirements of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.)

(2) For the purposes of this subsection, the term—

(A) "device" has the meaning given to such term in section 201(h) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(h)); and

(B) "drug" has the meaning given to such term in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)(1)).

(3) A determination by the Food and Drug Administration that a warning or instruction complies with the requirements of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) is conclusive evidence of such compliance.

(d)(1) If a claimant has suffered toxic harm of a kind which manifests itself only many years after exposure, a product shall be presumed conclusively for purposes of subsection (a) of this section to have been a proximate cause of the claimant's toxic harm, if—

(A) the claimant was exposed to the product at a relevant time; and

(B) in the best available scientific opinion, the claimant's exposure to a product of such chemical composition, in the circumstances, would significantly increase the risk of incurring the toxic harm suffered by the claimant, unless another toxic agent is more likely than the product at issue to have independently produced claimant's toxic harm.

(2) An increase in the risk of incurring a particular toxic harm as a result of a particular exposure would be significant for the purposes of this subsection if the incidence of such harm in an exposed population were to exceed the incidence in nonexposed populations by 30 percent or more.

(e) A determination of the National Toxic Health Effects Panel established by section 213 of this title that, in the best available scientific opinion, exposure to a product of a certain chemical composition would or would not in particular circumstances significantly increase the risk of incurring a particular toxic harm shall be conclusive evidence of that fact for purposes of subsection (d) of this section, in the absence of fraud or similar misconduct on the part of such Panel or one or more of its members. In the absence of such a relevant determination of such Panel, the claimant must establish by a preponderance of the evidence that, in the best available scientific opinion, exposure to a product of a certain chemical composition, in the circumstances of the claimant's case, significantly increased the claimant's risk of incurring the toxic harm suffered by the claimant.

PAYMENT OR REJECTION OF AN EXPEDITED CLAIM

SEC. 206. (a) Within ninety days of receipt of a complete expedited claim submitted under section 203 of this title (unless a longer period is agreed to by the claimant), a manufacturer shall determine whether it is liable for the harm complained of by the claimant and give notice to the claimant as provided in this section.

(b) If a manufacturer decides not to contest liability for such harm, it shall so notify the claimant and either (1) make payment to the claimant for such net economic loss payable pursuant to section 202 of this title as has arisen to date from that harm, or (2) enter into an agreement with the claimant for other mutually acceptable disposition of the claim and any supplemental claims that might be filed under section 209 of this title.

(c) If the manufacturer determines that it is not liable for such harm, it shall give the claimant written notice of rejection of the claim and the reasons for such rejection, together with a written explanation of the claimant's rights under section 208 of this title. Within one hundred twenty days of the effective date of this Act, the Secretary shall make available a model explanation of such rights. A manufacturer who provides a claimant with copies of such explanation shall be deemed to have satisfied the requirements of this subsection.

(d) If a manufacturer decides not to contest liability for such harm but declines to make full payment of the claim because of a dispute over the amount of net economic loss, the manufacturer shall notify the claimant of such determination. The manufacturer shall pay the undisputed portion of the claim, if any, and provide the claimant with a written explanation of the claimant's rights under section 207 of this title. Within one hundred twenty days of the effective date of this Act, the Secretary shall make available a model explanation of such rights. A manufacturer who provides a claimant with copies of such explanation shall be deemed to have satisfied the requirements of this subsection.

RIGHTS UPON DENIAL OF FULL PAYMENT

SEC. 207. (a) If a manufacturer has advised a claimant that it declines to make full payment of an expedited claim submitted under this title solely because of a dispute over the amount of net economic loss, the claimant may, within ninety days of such notice, initiate binding arbitration proceedings by requesting the Federal Mediation and Conciliation Service to appoint an arbitrator from a roster of arbitrators maintained by the Services for such purpose. The manufacturer shall submit to such arbitration and shall be bound by any final determination of such proceedings.

(b)(1) The Service shall adopt procedures and rules applicable to the selection of arbitrators and to the conduct of arbitration proceedings under this section. In order that such proceedings may be expeditious, informal, and reasonably inexpensive in cost, the Service's rules shall provide, among other provisions, that unless agreed otherwise by the parties—

(A) no prehearing discovery shall be permitted;

(B) any hearing shall be held in the community in which the claimant resides;

(C) the matter may, upon the request of the claimant, be submitted to the arbitrator for decision without written posthearing briefs;

(D) the arbitrator shall hear the case within 60 days after the date of the arbitrator's appointment and render a decision within 30 days after submission of the case for decision; and

(E) in a case in which a claimant is represented by counsel, the arbitrator may award the claimant only either the amount sought by the claimant at the start of the hearing or the amount last offered by the manufacturer at the start of the hearing.

(2) The findings and determinations of the arbitrator shall be in writing and shall be final and conclusive. Such findings and determinations shall be enforceable in any court of competent jurisdiction. No official or court of the United States shall have power or jurisdiction to review any such findings and determinations except where there is alleged fraud, misrepresentation, or similar misconduct by one of the parties to the arbitration or the arbitrator and where there is a verified complaint with supporting affidavits attesting to specific instances of fraud, misrepresentation, or other misconduct.

(c) If the arbitrator finds that the claimant was the substantially prevailing party, the arbitrator shall increase the amount of net economic loss payable to the claimant by reasonable attorney's fees and expenses incurred in connection with the arbitration proceeding.

(d) The manufacturer shall pay the fee and expenses of the arbitrator, except that if the arbitrator finds that the manufacturer was the substantially prevailing party, the manufacturer shall be entitled to recover from the claimant all such sums paid to the arbitrator.

(e) Arbitration under this section shall be a claimant's exclusive remedy where the manufacturer declines to make full payment of an expedited product liability claim because of a dispute over the amount of claimant's net economic loss.

RIGHTS UPON DENIAL OF LIABILITY

SEC. 208. (a) If a manufacturer gives notice to a claimant pursuant to section 206(c) of this title that it is not liable for the claimant's harm, or if a manufacturer fails to respond to a claim as required by section 206(a) of this title, the claimant may bring a civil action for an order enforcing the claimant's rights under this title. If notice of rejection has been provided to a claimant in accordance with section 206(c) of this title, the issues at trial shall be limited to those issues raised by the claimant and set forth in such notice. All issues shall be tried by the court without jury. Such an action must be brought within one year of the date of submission of the claim under section 203 of this title or within ninety days of the manufacturer's rejection of the claim, whichever is later.

(b) A claimant may bring an action under subsection (a) of this section—

(1) in an appropriate court of the State in which the harm occurred or in which the claimant resides, and such action shall be governed by the provisions of this Act; or

(2) in accordance with section 1332 of title 28, United States Code, in the district court of the United States for the district in which the claimant resides or in which the harm occurred, but the district courts of the United States shall not, by virtue of section 1331 or 1337 of title 28, United States Code, have jurisdiction over any civil action brought under this title.

(c) An action brought under subsection (a) of this section shall be expedited in every way and, if brought in a State court, may be removed by the plaintiff to the district court of the United States for the district and division embracing the place where such action is pending if such action is not called for trial within 180 days after the date of commencement of such action. Upon such removal, the parties shall be limited to 30 days for discovery, unless the parties agree otherwise.

(d) If, in an action brought under subsection (a) of this section, the claimant establishes by a preponderance of the evidence either that the manufacturer failed to respond to the claim in the manner and within the time required by section 206 of this title, or that the manufacturer is liable to the claimant under section 205 of this title, the court shall—

(1) enter an order enforcing the claimant's rights under this Act and directing arbitration pursuant to section 207 of this title of any dispute over the amount of net economic loss payable to the claimant; and

(2) award reasonable attorney's fees and expenses incurred in connection with the action and interest on the amount of the claimant's net economic loss (subject to the arbitrator's determination) equal to two percent per month for each month after the notice period specified in section 206(a) of this title that net economic loss remains unpaid.

(e)(1) If, in action brought under subsection (a) of this section, the court finds that there was not good cause for the manufacturer's—

(A) denial of liability to a claimant pursuant to section 206(c) of this title; or

(B) failure to respond to the claim in the manner and within the time required by section 206 of this title,

the court shall, without regard to whether it enters an enforcement order, award exemplary damages in an amount not to exceed twice the amount of the net economic loss sought by the claimant or $10,000, whichever is greater.

(2) If, in an action brought under subsection (a) of this section, the court finds that there was not good cause for the claimant to file such action, the court shall require the claimant to file such action, the court shall require the claimant or claimant's attorney to pay all of the manufacturer's costs of investigating and defending the claim.

(3) For the purposes of this subsection, the term "good cause" means that cause which, to a person of ordinary intelligence and care, and irrespective of any ordinary intelligence and care, and irrespective of any subsequent judicial determination with respect to the manufacturer's liability to a claimant, would be a reason sufficient to justify the manufacturer's denial of liability to a claimant or failure to respond to a claim, or the claimant's filing of a claim under this title.

(f) A person who willfully violates an enforcement order entered under this section or an order of an arbitrator entered under section 207 of this title shall upon conviction be subject to a fine of not more than $2000 for each day of such violation, or imprisonment not to exceed two years, or both.

(g) Any settlement of a claim to which the parties agree after an action has been brought under this section must be approved by the court, which may adjust the amount of settlement by the amount of any penalties which the court finds appropriate in accordance with subsections (d)(2), (e) and (f) of this section.

SUPPLEMENTAL EXPEDITED CLAIMS

SEC. 209. (a) If, after a manufacturer has acknowledged liability or has been determined to be liable on an expedited claim submitted under section 203 of this title, the claimant incurs additional net economic loss arising from the same harm, the claimant may, unless barred by the terms of a settlement agreement entered into pursuant to section 206(b) of this title, submit to that manufacturer supplemental expedited claims for net economic loss. Within seventy-five days after receipt of a supplemental expedited claim, the manufacturer shall determine whether, under the applicable standards of this title, it is obliged to make payment of the additional net economic loss described in the claim. If the manufacturer decides not to contest liability for such payment, it shall proceed in accordance with the provisions of section 206(b) of this title. If the manufacturer determines that it is not liable for such payment, it shall proceed in accordance with the provisions of section 206(c) of this title, and the claimant shall have such rights and remedies as are provided by section 208 of this title.

(b) If a manufacturer does not contest liability but declines to make full payment of a supplemental expedited claim submitted under this section, the manufacturer shall advise the claimant of the fact in writing. The claimant may, within ninety days of such notice, initiate arbitration under the procedures specified in section 207 of this title.

TIME LIMITATION ON LIABILITY

SEC. 210. Any civil action under section 208 of this title shall be barred, if a product which is a capital good is alleged to have caused harm which is not toxic harm, unless the expedited claim was submitted within twenty-five years of the date of delivery of the product to its first purchaser or lessee who was not engaged in the business of selling or leasing the product or using the product as a component in the manufacture of another product.

REIMBURSEMENT OF MANUFACTURER

SEC. 211. (a)(1) Subject to the provisions of this subsection, any manufacturer who has paid an expedited claim or supplemental claim for harm caused by a product under this title may, within two years of such payment, seek and obtain contribution, reimbursement, or indemnity on the basis of comparative responsibility from any other person (other than the claimant's employer or fellow employees) from whom the claimant might have had recovery for the harm, whether under this Act or otherwise. Recovery of damages under this section shall be in proportion to the percentage of such person's responsibility for the harm.

(2) If an action is brought under this section against another manufacturer (other than the claimant's employer) who would have been liable to the claimant under section 205 of this title, such action shall be governed by the standards of liability set forth in section 205 of this title.

(3) If an action is brought under this section against any other person (other than the claimant's employer or fellow employee) and such action is a product liability action, as defined in section 301 of this Act, such action shall be governed by the standards of liability set forth in sections 302 and 303 of this Act; however, in order to prevail against a product seller who is not a manufacturer, the manufacturer must establish by a preponderance of the evidence that the failure of such product seller to exercise reasonable care was a proximate cause of the harm complained of by the claimant and that such product seller's percentage of responsibility for the harm was greater than the manufacturer's percentage of responsibility for the harm.

(4) If an action is brought under this section against another person (other than the claimant's employer or fellow employee) whose failure to exercise reasonable care was a proximate cause of the harm complained of by the claimant and the action is not a product liability action, as defined in section 301 of this Act, such action shall be governed by applicable standards of liability under State or Federal law.

(b) With respect to an expedited claim for toxic harm paid pursuant to section 203(d) of this title, a manufacturer may recover on an equitable basis from any other manufacturer of a product that is identical to and indistinguishable in chemical composition from the product of the manufacturer who paid such claim, if the product of such other manufacturer was available at the time when, and in the market in which, the product that caused the claimant's toxic harm was purchased.

(c) A manufacturer may seek such contribution, reimbursement, or indemnity—

(1) where a claim was paid pursuant to section 203 of this title, either in the appropriate court of a State in which jurisdiction over the parties may be had or, if the requirements of section 1332 of title 28, United States Code, are satisfied, in an appropriate district court of the United States; or

(2) where payment was made as a result of a final judgment in a civil action under this title, in the court which had jurisdiction over such civil action.

(d) Neither the claimant's employer nor any insurer shall have any right of subrogation, contribution, or indemnity against the manufacturer or product seller or any lien on the claimant's recovery from the manufacturer or product seller, nor shall the manufacturer or product seller have any right of contribution or indemnity against the claimant's employer or fellow employee, except as provided in section 202 of this title.

COLLECTIVE PROCESSING OF CLAIMS

SEC. 212. Nothing in this title or in the antitrust laws of the United States or of any State shall preclude manufacturers or product sellers from establishing and maintaining collective means of and facilities for processing claims which are submitted under this title.

NATIONAL TOXIC HEALTH EFFECTS PANEL

SEC. 213. (a) The National Toxic Health Effects Panel (hereinafter referred to as the "Health Effects Panel") shall be composed of nine members who shall be career employees of the Public Health Service within the Department of Health and Human Services. Such members shall be appointed by the Secretary of Health and Human Services. The Secretary shall designate one of the members of the Panel to serve as Chairman. Each member shall be a person who, as a result of medical or other scientific training and experience, is exceptionally well qualified to analyze and assess the risks to human health associated with exposure to toxic substances. The members of the Health Effects Panel shall include at least one epidemiologist, one toxicologist, one industrial hygienist, and one physician.

(b)(1) Except as provided in paragraph (2) of this subsection, three of the members first appointed under this section shall be appointed for a term of two years, three for a term of four years and three for a term of six years, the term of each to be designated by the Secretary. Each of their successors shall be appointed for a term of six years from the date of expiration of the term for which his predecessor was appointed.

(2) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall serve only for the remainder of such term. A member may continue to serve after the expiration of this term until his successor has taken office. A vacancy on the Health Effects Panel shall not impair the right of the remaining members to discharge their responsibilities under this section.

(c)(1) The Health Effects Panel shall—

(A) compile and evaluate relevant information and issue guidance, after opportunity for public comment, for use by claimants, manufacturers and the courts in processing claims for toxic harms under this title; and

(B) determine generically, on its motion or in response to a petition submitted to it under subsection (d) of this section, whether in the best available scientific opinion, taking into account epidemiological studies, histological data, experimental evidence, and other relevant scientific data, exposure to a product of particular chemical composition, in particular circumstances, would or would not significantly increase the risk of incurring a toxic harm.

Such determination shall be made by a division of three members of the Health Effects Panel, except that the Health Effects Panel may, by a vote of four of its members, order reconsideration of any determination by the entire Health Effects Panel.

(2) An increase in the risk of incurring a particular toxic harm as a result of a particular exposure would be significant for the purposes of this subsection if the incidence of such harm in an exposed population were to exceed the incidence in nonexposed populations by 30 percent or more.

(d)(1) Any claimant, prior to making a claim under this title, and any manufacturer, immediately upon the filing of a claim under this title, may petition the Health Effects Panel for a determination or for reconsideration of a previous determination. When a petition has been submitted by a potential claimant within two years of the time the claimant discovered or, in the exercise of reasonable care, should have discovered the harm and its cause, the period for filing a claim under section 203 of this title shall be extended by the period of the Health Effects Panel's proceeding. When a petition has been submitted by a manufacturer, the ninety-day period for payment or rejection of the claim specified in section 206(a) of this title shall commence with completion of the Health Effects Panel's proceeding, but not later than six months from the date of submission of a claimant's claim under section 203 of this title, unless otherwise agreed by the claimant.

(2) Any petition shall be accompanied by a disclosure, in such form as the Health Effects Panel specifies, of all relevant information known to the petitioner concerning the toxicity of the product in question.

(3) In any judicial proceeding or arbitration under this title, findings of the Health Effects Panel shall be conclusive and shall not be subject to collateral challenge, except for fraud or similar misconduct on the part of the Health Effects Panel or one or more of its members.

(e) The Secretary shall provide the Health Effects Panel with such administrative support services as may be necessary for carrying out its functions under this Act.

(f) Notwithstanding any other provision of law, agencies and departments of the Federal Government shall provide the Health Effects Panel with such information and data as the Health Effects Panel, through the Secretary, may request. The Health Effects Panel may also, through the Secretary, require the production by States, industry and other private sources of such information as it may require to carry out its responsibilities. In the case of contumacy, or failure or refusal of any person to obey such an order, any district court of the United States or the United States Court of any territory or possession within the jurisdiction of which such person is found, resides or does business, shall, upon application of the Secretary, have jurisdiction to issue to such person an order to produce such information. Any failure to obey such order of the court shall be punishable by such court as contempt thereof.

(g) There are authorized to be appropriated for the purposes of this section such sums as may be necessary. Such sums shall remain available until expended.

TITLE III

CIVIL ACTIONS

SEC. 301. A person seeking to recover for harm caused by a product may bring a civil action against the product's manufacturer or product seller pursuant to applicable State or Federal law, except to the extent such law is superseded by this title. By bringing such a civil action, a person waives all rights to recovery for the same harm under the expedited claim procedure of title II of this Act.

UNIFORM STANDARDS OF MANUFACTURER LIABILITY

SEC. 302. (a) In a civil action subject to the provisions of this title, a manufacturer is liable to a claimant only if the claimant establishes by a preponderance of the evidence that—

(1) an individual product unit manufactured by the manufacturer was a proximate cause of the harm complained of by the claimant; and

(2)(A) the manufacturer was negligent in constructing the product (as provided in subsection (b) of this section), in designing or formulating the product (as provided in subsection (c) of this section), or in providing warnings or instructions about a danger connected with the product or about the proper use of the product (as provided in subsections (d) and (e) of this section), or

(B) that the product did not conform to an express warranty made by the manufacturer with respect to the product (as provided in subsection (g) of this section).

(b) A manufacturer has been negligent in constructing a product if, when the product left the control of the manufacturer—

(1) it deviated in a material way from the design specifications or formula of the manufacturer or from otherwise identical units manufactured to the same specifications or formula; and

(2) the manufacturer does not establish by clear and convincing evidence that it exercised reasonable care in the product's construction.

(c) A manufacturer has been negligent in designing or formulating a product if, at the relevant point in time—

(1) the manufacturer knew or, in the exercise of reasonable care, should have known about the danger which caused the claimant's harm; and

(2) a manufacturer exercising reasonable care would not have used the design or formulation that the manufacturer used.

(d) A manufacturer has been negligent in providing warnings or instructions, if, at the time the product left the control of the manufacturer, the manufacturer—

(1) knew or, in the exercise of reasonable care, should have known about a danger connected with the product that caused the claimant's harm; and

(2) failed to provide the warnings or instructions that a person exercising reasonable care would have provided with respect to the danger which caused the harm alleged by the claimant, given the likelihood that the product would cause harm of the type alleged by the claimant and given the seriousness of the harm, unless those warnings or instructions, if provided, would not have materially affected the conduct of the product user.

(e) A manufacturer has been negligent in providing post-manufacture warnings or instruction if, after the product left the control of the manufacturer, the manufacturer—

(1) knew or, in the exercise of reasonable care, should have known about the danger which caused the claimant's harm; and

(2) failed to take reasonable steps to provide post-manufacture warnings or instructions which would have been provided by a person exercising reasonable care, given the likelihood that the product would cause harm of the type alleged by the claimant and given the seriousness of the harm.

(f) Where warnings or instructions are required under subsection (d) or (e) of this section, such warnings and instructions shall be given to the product user, unless—

(1) a person exercising reasonable care would have given such warnings or instructions to a third person, including an employer, who could be expected to take action to avoid the product user's harm or to assure that the risk of harm is explained to the product user; or

(2) the product is one which may be legally used only by or under the supervision of a using or supervising expert, in which case the manufacturer has exercised reasonable care if warnings or instructions are provided to such expert.

(g) A manufacturer is liable under this title because a product does not conform to an express warranty made by the manufacturer if—

(1) the warranty relates to the harm-causing aspect of the product;

(2) the product failed to conform to such warranty; and

(3) the failure of the product to conform to such warranty caused the claimant's harm.

(h) When the injury-causing aspect of the product was, at the time of the manufacture of the product, in compliance in all material respects with standards, conditions, or specifications established, adopted, or approved by the Congress or by an agency of the Federal Government responsible for the design, formulation, labeling or performance of the product, its manufacturer shall not be considered to have been negligent for purposes of this section unless the claimant establishes by a preponderance of the evidence that a person exercising reasonable care could and would have taken additional precautions. A determination by an agency of the Federal Government that a product is in compliance with its standards, conditions, or specifications is conclusive evidence of such compliance.

(i) It shall be a complete defense to any civil action subject to the provisions of this title that—

(1) the product at issue was acquired from the manufacturer or product seller by an agency of the Federal Government for an aerospace or defense application;

(2) the Federal Government established or approved reasonably precise contract specifications material to the claim; and

(3) the product conformed to such specifications in all respects material to the claim,

unless the claimant proves by a preponderence of the evidence that the Federal Government was not informed by the manufacturer or product seller of dangers material to the claim which were known to the manufacturer or product seller but not to the Federal Government. A determination by an agency of the Federal Government that a product conforms to its contract specifications is conclusive evidence of such conformance.

UNIFORM STANDARDS OF PRODUCT SELLER LIABILITY

SEC. 303. (a) Notwithstanding the provisions of section 301 of this title, in any civil action for injury or damage caused by a product, a product seller other than a manufacturer is liable to a claimant, only if the claimant establishes by a preponderance of the evidence that—

(1)(A) the individual product unit which allegedly caused the harm complained of was sold by the defendant, (B) the product seller failed to exercise reasonable care with respect to the product, and (C) such failure to exercise reasonable care was a proximate cause of the claimant's harm; or

(2)(A) the product seller made an express warranty, independent of any express warranty made by a manufacturer as to the same product, (B) the product failed to conform to the warranty, and (C) the failure of the product to conform to the warranty caused the claimant's harm.

(b)(1) In determining whether a product seller is subject to liability under subsection (a)(1) of this section, the trier of fact may consider the effect of the conduct of the seller with respect to the construction, inspection, or condition of the product, and any failure of the seller to pass on adequate warnings or instructions from the product's manufacturer about the dangers and proper use of the product.

(2) A product seller shall not be liable in a civil action subject to the provisions of this title based upon an alleged failure to provide warnings or instructions unless the claimant establishes that, when the product left the possession and control of the product seller, the product seller failed—

(A) to provide to the person to whom the product seller relinquished possession and control of the product any pamphlets, booklets, labels, inserts, or other written warnings or instructions received while the product was in the product seller's possession and control; or

(B) to make reasonable efforts to provide users with those warnings and instructions which it received after the product left its possession and control.

(3) A product seller shall not be liable in a civil action subject to the provisions of this title except for breach of express warranty where there was no reasonable opportunity to inspect the product in a manner which would or should, in the excerise of reasonable care, have revealed the aspect of the product which allegedly caused the claimant's harm.

(c) A product seller shall be treated as the manufacturer or a product and shall be liable for harm to the claimant caused by a product as if it were the manufacturer of the product if—

(1) the manufacturer is not subject to service of process under the laws of any State in which the action might have been brought; or

(2) the court determines that the claimant would be unable to enforce a judgment against the manufacturer.

UNIFORM STANDARDS FOR OFFSET OF WORKERS' COMPENSATION BENEFITS

SEC. 304. (a) In any civil action subject to the provisions of this title in which damages are sought for harm for which the person injured is or would have been entitled to receive compensation under any State or Federal workers's compensation law, the judgment entered against each defendant and third-party defendant found liable shall be reduced by the sum of the amount paid as workers' compensation benefits for that harm and the present value of all workers' compensation benefits to which the employee is or would be entitled for the harm. The determination of workers' compensation benefits by the trier of fact in a product liability action shall have no binding effect on and shall not be used as evidence in any other proceeding.

(b) In any civil action subject to the provisions of this title in which damages are sought for harm for which the person injured is entitled to receive compensation under any State or Federal workers' compensation law, the action shall, on application of the claimant made at claimant's sole discretion, be stayed until such time as the full amount payable as workers' compensation benefits has been finally determined under such workers' compensation law.

(c) Unless the manufacturer or product seller has expressly agreed to indemnify or hold an employer harmless for harm to an employee caused by a product, neither the employer nor the workers' compensation insurance carrier of the employer shall have a right of subrogation, contribution, or implied indemnity against the manufacturer or product seller or a lien against the claimant's recovery from the manufacturer or product seller if the harm is one for which a product liability action may be brought under this Act.

(d) In any civil action subject to the provisions of this title in which damages are sought for harm for which the person injured is or would have been entitled to receive compensation under any State or Federal workers' compensation law, no third-party tortfeasor may maintain any action for implied indemnity or contribution against the employer, any co-employee or the exclusive representative of the person who was injured.

(e) Nothing in this Act shall be construed to affect any provision of a State or Federal workers' compensation law which prohibits a person who is or would have been entitled to receive compensation under any such law, or any other person whose claim is or would have been derivative from such a claim, from recovering for harm caused by a product in any action other than a workers' compensation claim against a present or former employer or workers' compensation insurer of the employer, any co-employee or the exclusive representative of the person who was injured. Any action other than such a workers' compensation claim shall be prohibited, except that nothing in this Act shall be construed to affect any State or Federal workers' compensation law which permits recovery based on a claim of an in-

tentional tort by the employer or co-employee, where the claimant's harm was caused by such an intentional tort.

(f) Without regard to when the harm giving rise to the claim occurred, the provisions of this section shall not apply to any person subject to or covered by the Longshore and Harbor Worker's Compensation Act (33 U.S.C. 901 et seq.).

UNIFORM STANDARDS FOR AWARD OF PUNITIVE DAMAGES

SEC. 305. (a) Punitive damages may, if otherwise permitted by applicable law, be awarded to any claimant who establishes by clear and convicing evidence that the harm suffered was the result of conduct manifesting a manufacturer's or product seller's conscious, flagrant indifference to the safety of those persons who might be harmed by a product. A failure to exercise reasonable care in choosing among alternative product designs, formulations, instructions or warnings is not of itself such conduct. Except as provided in subsection (e) of this section, punitive damages may not be awarded in the absence of a compensatory award.

(b) The trier of fact shall first determine whether compensatory damages are to be awarded. After such determination has been made, the trier of fact shall, in a separate proceeding, determine whether punitive damages are to be awarded. In determining whether punitive damages are to be awarded, the trier of fact shall consider—

(1) the manufacturer's or product seller's awareness of the likelihood that the serious harm at issue would arise from manufacture or sale of the product;

(2) notwithstanding the provisions of section 302(b)(2) of this title, the conduct of the manufacturer or product seller upon learning that the product caused harm; and

(3) the duration of the conduct and any concealment of it by the manufacturer or product seller.

(c) Punitive damages may not be awarded where the unsafe aspect of the product which caused the claimant's harm complies in material respects with standards, conditions, or specifications established, adopted, or approved by the Congress or by an agency of the Federal Government responsible for the safety of the design, formulation, labeling or performance of a product.

(d) If the trier of fact determines under subsection (a) of this section that punitive damages should be awarded to a claimant, the court shall determine the amount of those damages. In making that determination, the court shall consider—

(1) all relevant evidence relating to the factors set forth in subsection (b) of this section;

(2) the profitability of the conduct to the manufacturer or product seller; and

(3) the total effect of other punishment imposed upon the manufacturer or product seller as a result of the misconduct, including punitive damage award to persons similarly situated to the claimant and the severity of other penalties to which the manufacturer or product seller has been or may be subjected.

(e) In any civil action in which the alleged harm to the claimant is death and the applicable State law provides, or has been construed to provide, for damages only punitive in nature, a defendant may be liable for any such damages pursuant to the provisions of this title regardless of whether a claim is asserted under this section. The recovery of any such damages shall not bar a claim under this section.

UNIFORM STANDARDS OF LIMITATION AND REPOSE

SEC. 306. (a) Any civil action subject to the provisions of this title shall be barred unless the complaint is filed within two years of the time the claimant discovered or, in the exercise of reasonable care, should have discovered the harm and its cause, except that any such action of a person under legal disability may be commenced within two years after the disability ceases. If the commencement of such an action is stayed or enjoined, the running of the statute of limitations under this section shall be suspended for the period of the stay or injunction.

(b) Any civil action subject to the provisions of this title shall be barred if a product which is a capital good is alleged to have caused harm which is not a toxic harm unless the complaint is served and filed within twenty-five years of the date of delivery of the product to its first purchaser or lessee who was not engaged in the business of selling or leasing the product or using the product as a component in the manufacture of another product.

(c) Nothing in this section shall affect the right of any person who is subject to liability for harm under this Act to seek and obtain contribution or indemnity from any other person who is responsible for that harm.

APPLICATION OF OTHER LAW

SEC. 307. Except as otherwise provided in this Act, nothing in this title shall be construed to affect any statutory or common law rule governing recovery by a claimant, or any statutory or common law rule governing the effect of the comparative responsibility of the claimant upon the recovery.

TITLE IV

RISK RETENTION

SEC. 401. Section 2(a)(3) of the Product Liability Risk Retention Act of 1981 (15 U.S.C. 3901(a)(3)) is amended by inserting "including liability for payments under title II of the Product Liability Voluntary Claims and Uniform Standards Act," immediately after "a product,".●

REPORT OF COMMITTEE TO NOTIFY THE PRESIDENT

Mr. DOLE. Mr. President, I wanted to report that we have made contact with the President. He has indicated he has no further work for us this year. He said he was looking forward to a very productive session next year. He did mention tax reform specifically. We were both silent—not that we indicated disapproval but to indicate that we were sort of happy this year was over. He was very pleasant. He wished us a happy holiday season, as we did him, and we are now prepared to wrap it up for this year.

EXPRESSIONS OF THANKS

Mr. DOLE. Mr. President, as I leave, I certainly want to thank many people, as I did in my statement, but particularly the distinguished minority leader for his friendship and his many, many courtesies and for his tolerance at times while I catch on to some of the things he has known for years. I appreciate the staff, all the senatorial staff, those who watch us, watch over us. We appreciate the Chaplain's daily scolding and look forward to a good year next year.

Mr. BYRD. Mr. President, as the 1st session of the 99th Congress enters its final moments, I would be remiss if I did not acknowledge that the distinguished senior Senator from Kansas now has served a full year—his first year—as majority leader of the Senate.

Mr. President, I know something about the problems that face the majority leader of this body. I know about the long hours that he must put in. I know first hand the difficulties of contending first with differences of perspective and opinion on one's own side of the aisle before one can then contend with the differences of perspective and opinion between the two parties. I know the distinguished majority leader will know what I mean when I say that the job, while it surely has its rewarding moments, is not all sweetness and light.

After having observed the very capable Senator in action in his new assignment since the beginning of the year, however, I can say that he has worked very hard at his responsibilities; he has applied himself and his considerable skills with diligence in an effort to assure that the Senate satisfactorily discharges its responsibilities.

After what has been at times an arduous session—and, in fact, after what has been a tedious period during the recent days as we tried to complete the work of this first session in order to depart for the holidays. I am confident that the majority leader is ready as I am ready to be with his family and loved ones. I hope his holidays will be restful and reinvigorating—pleasant in every way—and that they will equip him for the challenges that await all of us who serve in this body when we return in January for the second session.

I hope the majority leader and his esteemed wife will accept the personal best wishes that Erma and I offer to them for this holiday season and for a very happy New Year.

Mr. President, I have nothing to add to what the distinguished majority leader has said with respect to our calling upon the President in compliance with the resolution that has been passed by the Senate. I do want to take this opportunity to thank the distinguished majority leader for his kind comments and to say that he has worked hard. It has been a pleasure working with him.

I look forward to being back in January to be with him again as we do our work in the Senate.

I want to say the same thing about the distinguished Senator from Wyoming, who is the assistant Republican leader. Our relationship has been ex-

cellent. It has been a pleasure to work with him. He is always very courteous and understanding. Nothing better can be said of anyone, may I say in the first person, if I can violate the rules of the Senate for a moment, than thank you, ALAN. It has been good to work with you. I have enjoyed it, and I look forward to working with you in 1986.

Mr. SIMPSON. Mr. President, I do indeed appreciate those remarks of the Democratic leader. It has been a very interesting relationship with this gentleman since I met him in 1963 when my father was in the U.S. Senate.

He has been especially patient with me, especially this year as I assumed my new tasks. It is a great honor, and a great privilege, indeed, that my colleagues would elect me to do this. And from the early beginning of January and February when I was somewhat defensive and short in my tasks—and I remember that distinctly—you were most extraordinary patient in that situation and I appreciate it very much. I think they refer to all of this type of thing as a "growth experience." I believe that is the phrase. Indeed, it is, and you have made it a pleasant one and I appreciate it. I have sought your counsel and you have given it without question, and I deeply appreciate that. In every situation, you have never misled me or mistrusted me, and that makes for a very much nicer job situation for me. I also appreciate that.

Mr. BYRD. Mr. President, I thank the very able and cordial and dedicated assistant Republican leader.

Mr. SIMPSON. Mr. President, just quickly, let me say that working with Senator DOLE has been a very special privilege. He is a man who gets things done. It is a pleasure to watch him. He is not easily intimidated, nor cowed by the task he has. He handles his job with precision and great wit and skill. You cannot "spook him up." I believe that is a trait that is much needed in this place as we conduct our business.

PROGRAM FOR JANUARY 21, 1986

Mr. SIMPSON. Mr. President, the Second Session of the 99th Congress will convene at 12 noon on January 21, 1986.

Under the standing order, the two leaders will have 10 minutes each.

There will be a special order in favor of Senator PROXMIRE for not to exceed 15 minutes. That will start the new year properly. It is a ritual that is as appropriate as the opening and closing sine die, with Senator PROXMIRE, who pays attention to his duties.

There will be routine morning business not to extend beyond 1 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

Following morning business, it is the intention of the majority leader to proceed to the consideration of S. 638, the Conrail bill.

I say to the occupant of the Chair [Mr. WALLOP] that I shall see him in our native State of Wyoming in a few short days.

Mr. BYRD. Mr. President, I expressed my appreciation and gratitude to all on yesterday.

I have no further action to recommend. I thank the Senator.

Mr. SIMPSON. I thank the Senator from West Virginia.

I thank the remarkable staff of the Senate. I appreciate their patience in a rather tiring situation, and I appreciate their work.

ADJOURNMENT SINE DIE

Mr. SIMPSON. Mr. President, after conferring with the Democratic leader, I move, in accordance with the provisions of House Concurrent Resolution 267, that the Senate stand in adjournment sine die for the 99th Congress, 1st session.

The motion was agreed to, and at 6:28 p.m., the Senate adjourned sine die.

NOMINATIONS

Executive nominations received by the Senate December 20, 1985:

IN THE ARMY

The following-named officers for posthumous promotion to the grade indicated under the provisions of article II, section 2, clause 2 of the Constitution of the United States of America:

To be captain

Lt. John K. Kosh, [redacted]
Lt. Paul D. Long, [redacted]
Lt. Joey McCarty, [redacted]
Lt. Barry C. Powell, [redacted]

To be chief warrant officer 4

CWO3 Robert A. Bowen, [redacted]

DEPARTMENT OF EDUCATION

Frances M. Norris, of Virginia, to be Assistant Secretary for Legislation and Public Affairs, Department of Education, vice Anne Graham.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 20, 1985:

IN THE ARMY

The following-named officers for posthumous promotion to the grade indicated under the provisions of article II, section 2, clause 2 of the Constitution of the United States of America:

To be captain

Lt. John K. Kosh, [redacted]
Lt. Paul D. Long, [redacted]
Lt. Joey McCarty, [redacted]
Lt. Barry C. Powell, [redacted]

To be chief warrant officer 4

CWO3 Robert A. Bowen, [redacted]

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

ENROLLED BILLS SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on December 20, 1985, subsequent to the sine die adjournment of the Congress, received a message from the House of Representatives announcing that the Speaker pro tempore [Mr. WRIGHT] had signed the following enrolled bills:

H.R. 1890. An act to provide for an equitable waiver in the compromise and collection of Federal claims;

H.R. 3974. An act to provide for temporary family housing or temporary housing allowances for dependents of members of the Armed Forces who die on or after December 12, 1985, and for other purposes; and

H.R. 4006. An act to extend until March 15, 1986, the application of certain tobacco excise taxes and certain medicare reimbursement provisions.

Under the authority of the order of the Senate of January 3, 1985, the enrolled bills were signed on December 20, 1985, during the sine die adjournment of the Congress by the President pro tempore [Mr. THURMOND].

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on December 24, 1985, during the sine die adjournment of the Congress, received a message from the House of Representatives, announcing that the Speaker pro tempore [Mr. WRIGHT] had signed the following enrolled bills and joint resolutions:

S. 1840. An act to amend title 5, United States Code, to revise the authority relating to the payment of subsistence and travel allowances to Government employees for official travel; to prescribe standards for the allowability of the cost of subsistence and travel of contractor personnel under Government contracts; and for other purposes;

H.R. 1404. An act to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, Virginia;

H.R. 1538. An act to amend title 38, United States Code, to provide a 3.1-percent increase in the rates of disability compensation and of dependency and indemnity compensation paid by the Veterans Administration; to make improvements in veterans' job training programs; and for other purposes;

H.R. 2651. An act to amend section 504 of the Alaska National Interest Lands Conservation Act to promote the development of mineral wealth in Alaska;

H.R. 3718. An act to waive the period of congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds;

H.R. 3931. An act to designate the General Services Administration building known as the "United States Appraiser's Stores Building" in Boston, Massachusetts as the

"Captain John Foster Williams Coast Guard Building";

S.J. Res. 255. Joint resolution relating to the convening of the second session of the Ninety-ninth Congress; and

H.J. Res. 495. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

Under the authority of the order of the Senate of January 3, 1985, the enrolled bills and joint resolutions were signed on December 24, 1985, during the sine die adjournment of the Congress by the President pro tempore [Mr. THURMOND].

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on December 24, 1985, she had presented to the President of the United States the following enrolled bill and joint resolution:

S. 1840. An act to amend title 5, United States Code, to revise the authority relating to the payment of subsistence and travel allowances to Government employees for official travel; to prescribe standards for the allowability of the cost of subsistence and travel of contractor personnel under Government contracts, and for other purposes; and

S.J. Res. 255. Joint resolution relative to the convening of the second session of the Ninety-ninth Congress.

NEW PUBLIC LAWS

(For last listing of Public Laws, see Daily Digest, p. D1559)

H.J. Res. 485, waiving the printing on parchment of enrolled bills and joint resolutions during the remainder of the First Session of the 99th Congress. Signed December 18, 1985. (P.L. 99-188)

H.R. 3981, to extend until December 19, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program. Signed December 18, 1985. (P.L. 99-189)

H.J. Res. 465, making further continuing appropriations for fiscal year 1986. Signed December 19, 1985. (P.L. 99-190)

H.R. 1789, relating to the authorization of funds for certain components of the National Wildlife Refuge System. Signed December 19, 1985. (P.L. 99-191)

H.R. 3735, to designate the pedestrian walkway crossing the Potomac River at Harpers Ferry National Historical Park as the "Goodloe E. Byron Memorial Pedestrian Walkway". Signed December 19, 1985. (P.L. 99-192)

H.J. Res. 424, to designate the year of 1986 as the "Year of the Flag". Signed December 19, 1985. (P.L. 99-193)

S. 1264, National Foundation on the Arts and the Humanities Amendments of 1985. Signed December 20, 1985. (P.L. 99-194)

H.R. 664, to amend the Panama Canal Act of 1979 with respect to payment of interest on the investment of the United States. Signed December 23, 1985. (P.L. 99-195)

H.R. 1534, to convert the temporary authority to allow Federal employees to work on a flexible or compressed schedule under title 5, United States Code, into permanent authority. Signed December 23, 1985. (P.L. 99-196)

H.R. 1627, to designate certain national forest system lands in the State of Kentucky for inclusion in the National Wilderness Preservation System, and to release other forest lands for multiple use management. Signed December 23, 1985. (P.L. 99-197)

H.R. 2100, Agriculture, Food, Trade, and Conservation Act of 1985. Signed December 23, 1985. (P.L. 99-198)

H.R. 2976, to direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey United States mineral interests in the parcel to New York State. Signed December 23, 1985. (P.L. 99-199)

H.R. 3085, clearing title to certain lands along the California-Nevada boundary. Signed December 23, 1985. (P.L. 99-200)

H.R. 4006, to extend until March 15, 1986, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the railroad retirement insurance program, and to amend the Internal Revenue Code of 1954 to extend for a temporary period certain tax provisions of current law which would otherwise expire at the end of 1985. Signed December 23, 1985. (P.L. 99-201)

H.J. Res. 436, to designate 1986 as "Save for the U.S.A. Year". Signed December 23, 1985. (P.L. 99-202)

H.J. Res. 450, authorizing and requesting the President to issue a proclamation designating April 20-26, 1986, as "National Organ and Tissue Donor Awareness Week". Signed December 23, 1985. (P.L. 99-203)

S. 947, Overseas Private Investment Corporation Amendments Act of 1985. Signed December 23, 1985. (P.L. 99-204)

S. 1884, Farm Credit Restructuring and Regulatory Reform Act of 1985. Signed December 23, 1985. (P.L. 99-205)

S.J. Res. 32, authorizing and requesting the President to designate September 21, 1986, as "Ethnic American Day". Signed December 23, 1985. (P.L. 99-206)

S.J. Res. 70, to proclaim March 20, 1986, as "National Agriculture Day". Signed December 23, 1985. (P.L. 99-207)

S.J. Res. 213, to designate January 19-25, 1986, as "National Jaycee Week". Signed December 23, 1985. (P.L. 99-208)

H.R. 729, to amend the Panama Canal Act of 1979, in order that claims for vessels damaged outside the locks may be resolved in the same manner as those vessels damaged inside the locks. Signed December 23, 1985. (P.L. 99-209)

H.R. 2694, designating the United States Post Office Building located at 300 Packerland Drive, Green Bay, Wisconsin, as the "John W. Byrnes Post Office and Federal Building". Signed December 23, 1985. (P.L. 99-210)